LEARN | Benefits of Donating Concentrated Stock

Funding a charitable gift with securities may be better for your clients and the charity rather than selling the securities and contributing cash.

Did You Know?

Long-term appreciated stock gifts typically net significantly larger tax savings than cash-only gifts.

Prefer to save for later?

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Key Takeaway

Stock donations may have a higher potential tax savings compared with donating cash. When armed with the right information, you can help clients understand the difference

Cash vs. Stock Donations*

$100,000
Appreciated securities
($20,000 cost basis)

When it comes to charitable giving some donations are more tax effective than others. Long-term appreciated stock gifts typically net significantly larger tax savings than cash-only gifts.

Donate Cash	Donate Stock

Capital Gains Tax	$19,040	$0
Net Charitable Donation	$80,960	$100,000
Federal Income Tax Savings 37%	$29,955	$37,000

Next Step

For clients who are charitably inclined, donating securities may be the most tax-efficient way to fund their donation.

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Investment Concentration: 3 Questions to Ask

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Disclosure

*This hypothetical illustration is provided solely to demonstrate the long-term effect of applying mathematical principles to an assumed set of facts. Actual results will differ and could be substantially different. Have your financial advisor contact Eaton Vance Distributors, Inc. to obtain an estimated federal income tax deduction based on your specific situation. Note: A state income tax deduction also may be available.

Assumes top 2022 tax rate for families with income over $647,850 ($539,900 for single taxpayers). The maximum federal long-term capital gains rate applied toward the potential recognized gain of $80,000 is 23.8% (includes the 3.8% Medicare surtax). This illustration does not include any potential state or local tax consequences.

Under federal income tax law, certain limitations apply to the amount of the charitable deduction a taxpayer may claim in any given year. Generally, cash gifts can be deducted up to 60% of your “contribution base” (in general, adjusted gross income (AGI)), and appreciated securities held by you for more than one year are deductible up to 30% of AGI. Special rules govern the interplay of these limits. Any excess amount may be carried forward and deducted, subject to the applicable limitations, in the five-year period after the year of contribution. Your ability to deduct itemized deductions may be subject to certain other limitations.

The Firm does not provide tax advice. The tax information contained herein is general and is not exhaustive by nature. Tax laws are complex and subject to change. Investors should always consult their own legal or tax professional for information concerning their individual situation.

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