

## Fundamentals of Planned Giving

### Part Three: Assets Used for Charitable Contributions

**Presenter:** Craig Wruck  
Senior Advisor, PG Calc

**Date:** July 21, 2026

**Time:** 1:00 – 2:30 Eastern

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## Agenda

- Review key income tax aspects of non-cash gifts
- Securities – stocks, bonds, and mutual funds
- Fair market value, appraisals, and Form 8283
- Real estate
- Personal property

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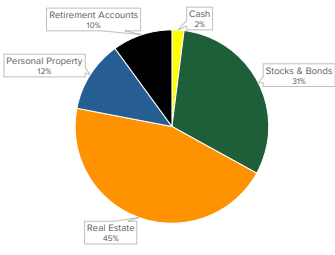
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## Personal Wealth



Asset Class	Percentage
Real Estate	45%
Stocks & Bonds	31%
Retirement Accounts	10%
Personal Property	12%
Cash	2%

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### Remember: Amount of Deduction

- Publicly traded securities: average between high and low market prices on the date of the gift
- Other non-cash gifts: "fair market value" – price arrived at between willing buyer and a willing seller (etc.)
- More than \$5,000 – qualified appraisal required to substantiate the value

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### Reminder: Capital Gains Tax

- Capital gain: profit on sale of an investment
- Long term capital gain: held more than a year
  - Taxed at preferential rates: 15% or 20%
- Short term capital gain: held year or less
  - Taxed at ordinary income rates
- Capital gain tax is completely avoided with a transfer of long-term capital gain property to a charity
- Capital gains savings available to non-itemizers as well as itemizers

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### After-tax Cost of a Gift

Assume a donor in the 24% tax bracket is considering a contribution of \$10,000 either in cash or in appreciated securities with a cost basis of \$2,000 (\$8,000 gain).

	Cash	Securities
Contribution	\$10,000	\$10,000
Income taxes saved	2,400	2,400
Capital gain taxes avoided	--	1,200
After-tax cost of gift	\$7,600	\$6,400

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## Securities: Stock

- Equity ownership
  - Share value varies with value of the enterprise
  - May pay dividends or distribute income
- Many types – Common, preferred, S-corp
- Contributions
  - Custody account – street name, DTC, book entry
  - Physical certificates
  - Special concerns for S-corp stock

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## Securities: Bonds

- Debt obligation – an IOU
  - Price varies inversely with interest rates
- Many types – Corporate, municipal, U.S. government, zero coupon, U.S. Savings
  - Savings bonds do not make good lifetime gifts
- Contribution mechanics: similar to stocks

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## Securities: Bond Prices

What would an investor be willing to pay for a bond that pays \$600 per year and then \$10,000 when the bond matures some years in the future?

Interest Rate	Bond Price	Rationale
6%	\$10,000	\$600 is 6% of \$10,000
8%	\$7,500	\$600 is 8% of \$7,500
4%	\$15,000	\$600 is 4% of \$15,000

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### Securities: Mutual Funds

- Pooled investment funds
  - More than 9,000 funds in US, worth more than \$15 trillion
  - Almost one-half of household own mutual funds
- Transfer: usually simple except when it's complicated
- Dividend reinvestment programs
- Beware: deduction may be limited if owned for less than one-year

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### Securities: Depreciated Property

**"Friends don't let friends give when depreciated."**

- Securities that are *now worth less* than the donor paid generally do not make tax-wise charitable gifts
- Charitable deduction will be for current fair market value – which is less than the donor paid
- Selling might make better sense

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### Securities: Depreciated Property

Assume a donor in the 24% tax bracket is considering a contribution of securities now worth \$10,000 that cost \$15,000 (resulting in a \$5,000 loss if sold)

	Gift of Securities	Sell & Give Cash
Contribution	\$10,000	\$10,000
Income taxes saved	2,400	2,400
After-tax cost of gift	\$7,600	\$7,600
Capital loss (potentially used to off-set other capital gains)	--	\$5,000

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- Cautious evaluation of risks and rewards
  - Marketability
  - Holding costs
  - Environmental liability
- Other considerations
  - Debt encumbrance
  - Crops and timber
  - The dreaded timeshare

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- Special considerations
  - Marketability at a fair price
  - Expenses while being held
  - Restrictions, reservations and other limitations
  - Alignment with organizations needs and goals
- Charitable deduction
  - "Ordinary Income" property
  - "Related use" rule

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- Donors should transfer the item itself, not the proceeds from the sale
- Beware: helpful donors who offer to pre-arrange a sale
- Gifts of services – generally not deductible
- Gifts of art from the artist

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## A Closing Note About Costs

- Gifts of assets can result in (sometimes significant) costs:
  - Due diligence: assessment of acceptability, marketability, and liability and, for real estate, environmental review
  - Transfer and holding: transportation and storage, title transfer fees, and, for real estate, title insurance
  - Sale or disposition: marketing, commissions, and maintenance costs
  - Qualified appraisals
- Consider asking the donor to contribute to these costs
- Review gift acceptance policies before a potential gift is at stake!

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## Questions?



Click the Q&A icon at the bottom of your screen.

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## Still Have a Question?

**Contact:** Craig Wruck  
**E-mail:** cwruck@pgcalc.com

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