



The Carey School
How Giving Stock
and Other Securities
Can Help You Save Money

How Giving Stock and Other Securities Can Help You Save Money

Donating stock is a wonderful way to help The Carey School. Whether your portfolio performance was above market averages or even if you had a decline in your portfolio value, donating stock to The Carey School can be a wise investment in your child's education.

If you have stock that you have owned for more than one year, and it has appreciated since you purchased it, you can save on the capital gains tax you would owe if you sold it yourself by donating the stock to The Carey School. Since The Carey School is a 501(c)(3) charitable organization, you will be entitled to an income tax deduction for the full current market value of your gift, to the extent allowed by law.

Here is an example: Ms. B. Nice purchased 100 shares of ABC stock three years ago at \$50 per share or \$5000. This stock is now worth \$100 per share, or \$10,000. If Ms. Nice sold the stock, she would pay capital gains taxes on the \$5000 of appreciation. If Ms. Nice donates the stock to Carey, she is entitled to a charitable deduction of \$10,000 from her taxes and pays no capital gains tax.

Plus, you can deduct stock donations equal to an amount of up to 30 percent of your adjusted gross income, and any excess deductible amount can be carried over for as long as five years to offset income or capital gains taxes.

How to Turn a Stock Market Loss into a Win

If you took a loss in the stock market, you can still help The Carey School. By selling stock at a loss and then making a donation to Carey of the same amount of money that the stock was sold for, you can do the following:

Claim a charitable deduction for the gift.

Deduct the stock's decrease in value from your other income, thereby reducing the taxes you pay in April.

You can deduct up to \$1500 if you are single and \$3000 if you are married, but any amount of loss above that can be carried over to future years until completely deducted.

Here's an example: Ms. B. Nice purchased 100 shares of XYZ stock three years ago at \$50 per share or \$5000, but it's now worth only \$20 per share or \$2000. Ms. Nice doesn't expect the value of the stock to go up anytime soon. If Ms. Nice were to donate the depreciated stock to Carey, she could claim a \$2000 deduction. But if Ms. Nice sells the stock and donates the \$2000 value to Carey, she can also claim a \$3000 capital loss deduction (\$30 loss per share x 100 shares). Assuming that she has no capital gains, she would be able to deduct \$1500 from her income (if she is married and filing jointly, she could deduct the complete \$3000) and carry over the remaining \$1500 capital loss to deduct from her income or capital gains in future years.

For More Information

As always, we suggest that you consult with your independent financial, tax or legal advisor for specific help with your particular situation as Carey does not provide financial, tax or legal advice. But if you would like more information about the various ways that your stock holdings can be used to benefit The Carey School, please contact Advancement at 650-345-8205.

Some benefits related to transferring a gift of stock to The Carey School:

Numerous Tax Advantages

- **You may receive an income tax deduction equal to the *full market value* of the stock on the date you transfer it to The Carey School.**
- **If your stock has grown since you first bought it, you *do not have to pay capital gains tax* on the appreciation. (Normally, you would have to pay at least 20% tax on the capital gain of any stock upon selling it; The Carey School, however, is not subject to these taxes.)**
- **If you own stock that has not appreciated since its purchase, you may be able to count your loss from this stock against capital gains incurred from other sales. To do this, we recommend selling the stock first and using the proceeds to fund your gift.**

The net cost of a stock gift to The Carey School can be much lower than the cost of an equal cash gift.

Lock in Your Gains

- **Even with the recent fluctuations in the stock market, stock in many companies has still appreciated impressively over the last few years. Transferring stocks to The Carey School will allow you to capture those gains, free of the vagaries of the financial markets.**

Maintain Your Ownership

- **Those who wish to give stock and maintain a holding in a particular security might consider giving the stock to The Carey School and then repurchasing the same number of shares. Such a procedure would allow you to own the same stock at a higher cost basis, thus lowering future capital gains tax liability.**

Consider Mutual Funds

- **Stock owned through mutual funds can be a smart gift too, especially near year-end. If you still own shares in a fund when the capital gains distribution takes place (usually near December), you could be hit with big capital gains taxes *even if the fund lost money during the year*. The way to avoid any capital gains taxes altogether; when you plan your gift to The Carey School this year, use your mutual fund shares as the gift, and make sure that you effect the transfer before the distribution takes place.**

Transfer is Straightforward

- **Most stock transfers to The Carey School require little administrative effort on your part. In most cases, you need only to complete a short form – The Carey School’s Securities Transfer Sheet, included in this brochure – and send it to your broker and to The Carey School.**

Each person’s financial situation is different, and you may want to consult a professional advisor to determine the impact of any financial decision you make. In most cases, however, giving appreciated stock to The Carey School simply diverts money to our School that would otherwise go to the IRS in the form of capital gains tax.

For Further Information

If you are interested in pursuing this opportunity further, please call Advancement at (650) 345-8205 at The Carey School. They will be pleased to speak with you in detail about the topic.

The Carey School works with Charles Schwab to process stock/security transfers. Please complete the form below.

**The Carey School
Charles Schwab Securities Transfer Information Sheet
(Please Type or Print Clearly)**

Please fill in this form or create a similar letter to be sent to your broker. Send/Fax/Email a copy of this form or your letter to:

Lisa Fowler
The Carey School
One Carey School Lane
San Mateo, CA 94403
Tel: (650)345-8205
Fax: (650)345-2528
Email: lfowler@careyschool.org

Charles Schwab
Acct #:2090-4300
Charles Schwab DTC#0164 code 40
The Carey School Tax-Exempt ID: 94-3085954

Date: _____
To: _____
(Name of your brokerage firm)

Attn: _____ **Fax#:** _____
Please transfer _____ shares _____ stock from
account number _____ in the
name of _____.

Designate gift to: _____
(Annual Fund, Capital Campaign, Other)

Signature: _____
Printed Name: _____
Phone Number: _____

The Carey School Advancement Office
One Carey School Lane
San Mateo, CA 94403-1299
Phone: (650) 345-8205
Fax: (650) 345-2528
Email: advancement@careyschool.org

The information in this brochure outlines a strategy that could help your tax situation, whether throughout the year or simply at year-end (when we normally attend to taxing issues). While almost any type of charitable contribution to The Carey School will entitle you to an income tax deduction, gifts of stock can carry wonderful benefits for you even beyond this deduction. With that thought in mind, we have outlined some of these benefits herein. In sum, the advantages of giving stock are so significant that we are encouraging those who own stock – especially appreciated stock – to use it as the principal method for their gift to The Carey School: either to the Annual Giving Fund and the Capital Campaign, or both.

Thank you for your dedication to The Carey School.

**One Carey School Lane
San Mateo, CA 94403-1299
Phone: (650) 345-8205 Fax: (650) 345-2528
www.careyschool.org**