“The deep rewards of giving go to those who give out of a concern for others, and take pains to see that their giving is wisely done...”

F. Emerson Andrews  
(1902-1978)  
American author

PLANNED GIVING FOR THE UNIVERSITY OF IOWA

GIFTS OF STOCK AND OTHER SECURITIES

AVOID CAPITAL GAINS TAX AND RECEIVE A CHARITABLE DEDUCTION

If you want to have an immediate impact on your favorite University of Iowa college, department, or program, consider a gift of stocks, bonds, or mutual funds that have increased in value. When you donate appreciated securities that you have held for more than one year to the University of Iowa, you receive an immediate charitable income tax deduction for the full fair market value of the assets up to 30 percent of your adjusted gross income. You can carry over excess deductions for five additional years. And because you have made a gift, there is no capital gains tax on the securities you have given, which gives you an added tax savings.

HOW IT WORKS

If you invested in stock several years ago, you may find that it has greatly increased in value. This may be a good time to make a substantial gift. Appreciated stock that you have owned for more than one year is more advantageous than cash to use as a charitable gift. Not only do you avoid capital gains taxes, but tax laws allow you to deduct the entire fair market value of the stock, with some limitations.

ADVANTAGES OF A GIFT OF APPRECIATED STOCK VERSUS CASH

A couple bought $10,000 worth of publicly traded stock 10 years ago. The stock has appreciated and is now worth $50,000. The couple is in the maximum federal tax bracket. They have decided to make a gift to the University of Iowa to endow a scholarship and are trying to decide whether to make the gift with cash or with the appreciated stock. As the following chart illustrates, by transferring stock to us, the couple avoids capital gains tax and reduces the net cost of their gift.
### Type of Gift

<table>
<thead>
<tr>
<th>Type of Gift</th>
<th>Cash</th>
<th>Appreciated Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value of gift</td>
<td>$50,000</td>
<td>$50,000</td>
</tr>
<tr>
<td>Tax savings from deduction</td>
<td>($18,500)</td>
<td>($18,500)</td>
</tr>
<tr>
<td>(37% tax bracket)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital gains tax avoided</td>
<td>(0)</td>
<td>($9,520)</td>
</tr>
<tr>
<td>(20% federal tax and 3.8% MCT)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net cost of gift</td>
<td>$31,500</td>
<td>$21,980</td>
</tr>
</tbody>
</table>

*Note: Tax savings could be even greater depending on your state of residence.*

There is no advantage to making a gift to the University of Iowa with stock that has lost value. If you want to make a gift with this stock, you should sell the stock so that you can deduct the capital loss on your income tax return; then use the proceeds from the sale to fund the gift.

### NEXT STEPS

For tax purposes, your gift is considered complete on the day that you turn over control of the securities. The value of the gift is its fair market value on that day. If the securities are traded daily on a recognized exchange, this value is the average between the high and low prices for that day.

#### If the stock or securities are held by your bank or broker:

- It is important that you notify us in advance of making a gift of securities. Without such notice, gifts of stock may be transferred to us without the identity of the donor being known, making proper credit and timely acknowledgement extremely difficult. In addition, you need to let us know where you want us to direct your gift.
- Call your broker and inform him/her that you want to transfer shares to the University of Iowa.

Instruct your broker to contact us for transfer instructions:

State University of Iowa Foundation  
Attn: Special Gifts Administrator  
One West Park Road  
Iowa City, IA 52244-4550  
319-335-3305 or 800-648-6973

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For more information, please visit uifoundation.planningyourlegacy.org, or contact:

The University of Iowa Center for Advancement  
Department of Planned Giving  
One West Park Road  
Iowa City, Iowa 52242  
319-335-3305 / 800-648-6973  
Email: giftplanning@foriowa.org