Gifting Appreciated Securities to a Donor-Advised Fund Program

An individual who is philanthropically inclined may find that contributing appreciated securities with long-term unrealized gains directly to a donor-advised program can be a tax-efficient way of giving. Through a strategic relationship with Fidelity Charitable®*, William Blair provides a way to gift appreciated securities in an effective manner.

Your William Blair advisor can help you establish a donor-advised fund. You can then contribute securities directly to the donor-advised fund, rather than selling them first and contributing the proceeds.

The Benefits

- By contributing appreciated securities to a donor-advised fund, rather than selling the securities first and then donating the cash, you eliminate capital gains tax on the sale of the stock.
- You are eligible to take a tax deduction, according to IRS regulations, for the fair market value (FMV) of the long-term appreciated securities, up to 30% of your adjusted gross income (AGI).
- Proceeds of the sale of the securities are used to fund the donor-advised fund, from which you can support IRS-qualified public charities during your lifetime and beyond.
- Charities potentially receive more support because of the tax benefits realized by contributing appreciated securities directly to a donor-advised fund (see reverse side for a hypothetical example). Moreover, assets in the donor-advised fund have the potential to grow tax-free over time and can be managed by your William Blair advisor.
- For clients who do not have a long-term charitable plan, this may be an ideal way to gift securities, take advantage of the tax benefits, and determine the direction of the giving at a later date.
- The minimum account size for a donor-advised fund with investments managed by William Blair is $250,000.

Establishing a Donor-Advised Fund[1] With Appreciated Securities

Learn more about how a donor-advised fund can help simplify your giving by contacting your William Blair financial advisor.

Gifting long-term appreciated securities to a donor-advised fund may provide you with an opportunity to meet your philanthropic goals and minimize your tax burden while supporting charities during your lifetime and beyond. The charities, in turn, could potentially receive more support because of the tax benefits realized. Assets in the donor-advised fund have the potential to grow tax-free over time.

Benefits of Donating Appreciated Securities[2]

$50,000 fair market value

	Donate Cash Proceeds	Donate Securities Directly	
Capital Gains and Medicare Surtax Paid[3] (23.8%)	($7,140)	($0)	
Net Charitable Donation[4]	$42,860	$50,000	*more for charity*
Income Taxes Saved[3]	$8,718	$18,500	*double tax savings*

Assumes cost basis of $20,000 and long-term capital gains of $30,000.

July 2020

[1] A donor-advised fund is a charitable giving vehicle administered by a public charity created to manage charitable donations on behalf of organizations, families, or individuals.

[2] This is a hypothetical example for illustrative purposes, with the assumption that the donor has an AGI of $500,000 and is in the 37% federal income tax bracket. State and local taxes, the federal alternative minimum tax, and limitations to itemized deductions applicable to taxpayers in higher-income brackets are not taken into account.

[3] This assumes all realized gains are subject to the maximum federal long-term capital gains tax rate of 20% and the Medicare surtax of 3.8%. This does not take into account state or local taxes, if any.

[4] The availability of certain federal income tax deductions may depend on whether you itemize deductions. Charitable contributions of capital gains property held for more than one year are usually deductible at fair market value. Deductions for capital gains property held for one year or less are usually limited to cost basis.