

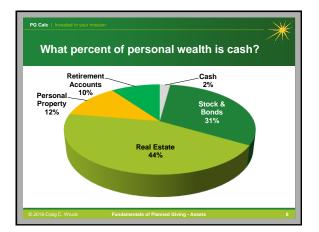
# PG Calc | Invested in

### Agenda

• Review income tax aspects of non-cash gifts

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- Securities investments including stocks, bonds, and mutual funds
- · Fair market value and appraisals
- · Real Property real estate of all types
- Personal Property tangible objects and intangible rights





## Amount of Deduction

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

**Capital Gains Tax** 



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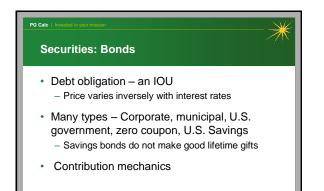
- Capital gain: profit on sale of an investment
- Long term capital gain: held more than a year – Taxed at preferential rates: 15% or 20%
- Short-term capital gain: held year or less – Taxed at ordinary income rates
- Capital gain tax is avoided on transfer of long term capital gain property to charity

Fundamentals of Planned Giving - Assets

Cale   Invested in your measure After-tax Cost of a Gift		
Assume a donor in the 28% tax contribution of \$10,000 either in securities with a cost basis of \$2	cash or in a	ppreciated
	Cash	Securities
Contribution	\$10,000	\$10,000
Income taxes saved	2,800	2,800
Capital gains taxes avoided		1,200
After-tax cost of gift	\$7,200	\$6,000







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Cale   Invested in your medice Securities: Bond Prices							
What would an investor pay for a bond that promises to pay \$600 per year and \$10,000 when the bond matures some years in the future?							
Interest Rate	Bond Value						
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					
Bond values change inversely to interest rates.							
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- · Dividend reinvestment programs
- · Transfer complexity
- Beware: short-term = limited deduction

# Depreciated Securities



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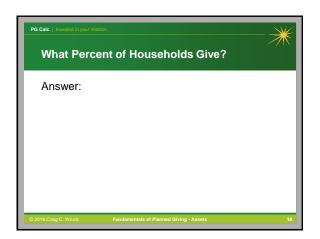
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# "Friends don't let friends give when depreciated."

- 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 – less than the donor paid
- · Selling might make better sense

PG	PG Cale : Invested in your masion						
	Gift of Depreciated Property						
	Assume a donor in the 28% tax bracket is considering a contribution of securities now worth \$10,000 that cost \$15,000 (\$5,000 loss).						
		Gift of Securities	Sell and Give Cash				
	Contribution	\$10,000	\$10,000				
	Income taxes saved	2,800	2,800				
	After-tax cost of gift	\$7,200	\$7,200				
	Capital loss (potentially used to off-set other capital gains)	-0-	\$5,000				
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## Fair Market Value and Appraisals

• The price that would be arrived at between a willing buyer and a willing seller

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- Deduction up to \$500 estimate value and enter on Schedule A
- \$501 up to \$5,000 estimate value, explain, and file form 8283
- More than \$5,000 qualified appraisal value, charity acknowledges receipt on form 8283





- com	8283		reeneden en	aritable Contri	a del o llo	OMB No. 154:	5-0908
Departe	M. December 2013     Attach to your fax return if you claimed a total deduction     of over \$500 for all contributed property.     Information about Form 8283 and its separate instructions is at www.is.gov/form8283.						
	s) shoam on your inc	Identifying num	ber				
Note	. Figure the amo	ount of your contrib	ution deduction befo	re completing this for	m. See your tax return i	nstructions.	
Sect	groups securi	s of similar item ties even if the de	<li>s) for which you of duction is more the second second second second second second second second second second second second second second second</li>	claimed a deductio an \$5,000 (see instr	Securities—List in 1 n of \$5,000 or less. uctions). attach a statement.		
1	(a) Na	me and address of the onee organization	(b) If donated check the bo	property is a vehicle (see in x. Also enter the vehicle ide unless Form 1096-C is atta	structions), ntification wileage. For sec	cription of donated property enter the year, make, mode unities, enter the company n te number of shares.)	el, and
A							
в	2				m		
с					TTT		
D							
Е					1111		
Note	If the amount y	you claimed as a de	eduction for an item i	s \$500 or less, you do	not have to complete	columns (e), (f), and (g	p.
	(d) Date of the contribution	(e) Date acquired by donor (mo., yr.)	(f) How acquired by donor	(g) Donor's cost or adjusted basis	(h) Fair market value (see instructions)	<ul> <li>Method used to deter the tair market value</li> </ul>	
Α							
в							
С							
D							22

art	Partial Interests and Restricted Use Property-Complete lines 2a through 2e if you gave les entire interest in a property listed in Part I. Complete lines 3a through 3c if conditions were plu contribution listed in Part I; also attach the required statement (see instructions).	aced	on
2a	Enter the letter from Part I that identifies the property for which you gave less than an entire interest  If Part II applies to more than one property, attach a separate statement.		_
b	Total amount claimed as a deduction for the property listed in Part I: (1) For this tax year (2) For any prior tax years		_
c	Name and address of each organization to which any such contribution was made in a prior year (complete only from the donee organization above): Name of chartiske organization above): Name of chartiske organization (show)	if diffe	re
	Address (number, street, and room or suite no.)		
	City or town, state, and ZIP code		_
d	For tangible property, enter the place where the property is located or kept >		-
e	Name of any person, other than the donee organization, having actual possession of the property		
a	Is there a restriction, either temporary or permanent, on the donee's right to use or dispose of the donated property?	Yes	N
b	Did you give to anyone (other than the donee organization or another organization participating with the donee organization in cooperative fundhalising the right to the income from the donated property or to the possession of the property, including the right to vote donated securities, to acquire the property try purchase or otherwise, or to designate the person having such income, possession, or right to acquire the property try purchase or otherwise, or to designate the person having such income, possession, or right to acquire the property try purchase or otherwise, or the property including the right to vote donated securities, to acquire the property try purchase or otherwise, or the property including the right to vote donated securities of the property try purchase or otherwise, or the property including the right to vote donated securities of the property try purchase or otherwise, or the property including the right to vote donated securities of the property try purchase or otherwise, or the property including the right to vote donated securities of the property try purchase or otherwise, or the property including the right to vote donated securities of the property try purchase or the property including the right to vote donated securities of the property try purchase or the property including the right to vote donated securities of the property try purchase or the property including the right to vote donated securities of the property try		
c	Is there a restriction limiting the donated property for a particular use?		
	perwork Reduction Act Notice, see separate instructions, Cat. No. 62295J Form 8283	Rev. 1	







Part I	for which reported	roperty Over \$5,000 (Exce h you claimed a deduction I in Section A). An appraisal	of more than \$5,000		- Han and Same (as	
Parti 4 ( a [	for which reported	h you claimed a deduction I in Section A). An appraisal	of more than \$5,000		atten ant Same (as	
4 ( a[			is generally required		pt contributions of p	publicly traded securit
a	Ohne als also have at	ation on Donated Prop	erty-To be com	pleted by the taxpaye	r and/or the appra	aiser.
		hat describes the type of prop	erty donated.			
d	Art* (contribu	tion of \$20,000 or more)	b 🗌 Qualified	Conservation Contribution	c 🗌 Equipmen	t
	Art* (contribu	tion of less than \$20,000)	e 🗌 Other Rea	I Estate	f 🗌 Securities	
a	Collectibles*		h 🗌 Intellectus	I Property	Vehicles	
11	Other					
5	(a) Description	ou must attach a qualified app at donated property (if you need attach a separate statement)	(b) If tangible pro	See instructions. sperty was donated, give a brie condition of the property at the		(d) Appraised fair market value
A B						
C						
D						
_	Date acquired	1 100.00 V 20 10 V	(6 Donor's cost or	(g) For bargain sales, enter	Paste	structions
	donor (mo., yr.)	(e) How acquired by donor	adjusted basis	amount received	(h) Amount claimed as a declaration	O Date of contribution
A					GADTION	
в						
c						
D						
Part I	Тахра	ver (Donor) Statement-	-List each item in	cluded in Part I above	that the apprais	al identifies as havi
		of \$500 or less. See ins				
declare	a that the follow	ing item(s) included in Part I	above has to the bes	t of my knowledge and be	lief an appraised valu	ue of not more than St
		ing letter from Part I and der				
	e of taxpaver (de				Date ►	2



Part III	Declaration of Appraiser		
named to any	am not the donor, the donee, a party to the t person who is related to any of the foregoin ing my tax year for other persons.	transaction in which the donor acquired the property, g persons. And, if regularly used by the donor, dones	employed by, or related to any of the foregoing persons, o , or party to the transaction, I performed the majority of m
of property be raudulent over abetting the un containal is to	ring valued. I certify that the appraisal fees rstatement of the property value as describe inderstatement of tax liability). In addition, I un	were not based on a percentage of the appraised of in the qualified appraisal or this Form 8283 may a inderstand that I may be substantial or onces valuation mise for return and a substantial or onces valuation mise	the appraisal, I am qualified to make appraisals of the typ- property value. Furthermore, I understand that a false or ubject me to the penalty under section 6702 (b) (a) (a) and section 6695A if Hinnow, or reasonably should know, that my fatement results from my appraisal. I affirm that I have no
Sign			
Here Sig	pature ►	Title 🕨	Date ►
kusiness addr	ess (including room or suite no.)		Identifying number
n Section B	Part I, above on the following date >		
ortion there orm. This ac	of) within 3 years after the date of receip knowledgment does not represent agre	pt, it will file Form 8282, Donee Information Re ement with the claimed fair market value.	sturn, with the IRS and give the donor a copy of that
oortion there orm. This ac Does the org	of) within 3 years after the date of receip knowledgment does not represent agre panization intend to use the property for	pt, it will file Form 8282, Donee Information Re ement with the claimed fair market value. an unrelated use?	f the property described in Section B, Part I (or any sturn, with the IRS and give the donor a copy of that
oortion there orm. This ac Does the org	of) within 3 years after the date of receip knowledgment does not represent agre	pt, it will file Form 8282, Donee Information Re ement with the claimed fair market value.	eturn, with the IRS and give the donor a copy of that
ortion there orm. This ac Does the org lame of chari	of) within 3 years after the date of receip knowledgment does not represent agre panization intend to use the property for	pt, it will file Form 8282, Donee Information Re ement with the claimed fair market value. an unrelated use?	sturn, with the IRS and give the donor a copy of that
ortion there orm. This ac Does the org lame of chari	of within 3 years after the date of receip knowledgment does not represent agre anization internet to use the property for table organization (donee) ber, street, and room or suite no.)	pt, it will file Form 8282, Donee Information R ement with the claimed fair market value. an unrelated use? Employer identification	sturn, with the IRS and give the donor a copy of that



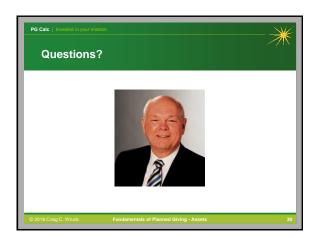
Part IV Donee Acknowledgment-To be co	moleted by the charitable organ	ization
This charitable organization acknowledges that it is a qualified in Section B, Part I, above on the following date >		
Furthermore, this organization affirms that in the event it sells portion thereof) within 3 years after the date of receipt, it will fi form. This acknowledgment does not represent agreement will	le Form 8282, Donee Information Retur	
Does the organization intend to use the property for an unrelat	led use?	Yes 🗌 No
Name of charitable organization (donee)	Employer identification r	number
Address (number, street, and room or suite no.)	City or town, state, and ZI	IP code
Authorized signature	Title	Date
		Form 8283 (Rev. 12-2013
		27

# Other Pitfalls



- · Section B: "items (or groups of similar items)"
- Qualified Appraisal:
  - 1. Specific education or professional designation
  - 2. Regularly prepares appraisals for pay
  - 3. Demonstrates verifiable expertise
  - 4. Fee is not based upon appraised value
- Form 8282





# Real Property

- · 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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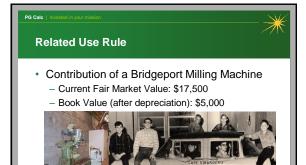
## **Personal Property**

- Special considerations
  - Marketability at a fair price
  - Expenses while being held
  - $-\ensuremath{\,\mbox{Restrictions}}$  , reservations and other limitations
  - $-\ensuremath{\mathsf{Alignment}}$  with organizations needs and goals
- "Related use" rule
  - Outright gifts
  - Caveats for certain life income gifts

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Pages 6-9

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## Notes on Non-cash Gifts

• Gifts of services – generally not deductible

- · Gifts of art from the artist
- Donors should transfer the non-cash item itself, not the proceeds from the sale
- · Helpful donors: pre-arranged sale

