GREATER HORIZONS℠

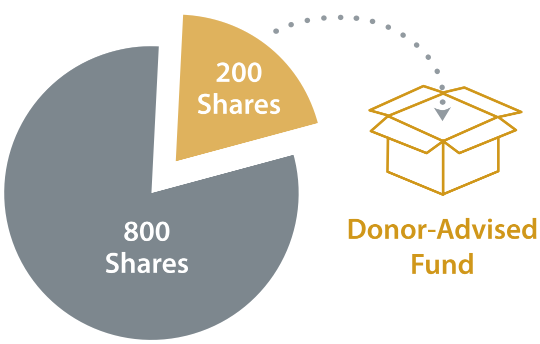
Charitable Giving Tax Strategy

DONATE AND REPLACE

You can avoid paying long-term capital gains tax and maintain your existing portfolio using a tax strategy known as donate and replace. Using this strategy, you can donate appreciated shares of stock with large capital gains, decrease your potential tax liability, and receive a tax deduction for your donation. You can then buy shares to replace the donated shares, which will increase the cost basis in your portfolio.

The following scenario illustrates how a couple who wants to donate $100,000 to their donor-advised fund can use this strategy. In this example, the couple owns 1,000 shares of ABC Company, which are worth $500,000. The couple could donate $100,000 cash to their donor-advised fund. However, if they donate 200 shares of ABC Company, which are worth $100,000, and then use cash to replace the ABC Company shares they just donated, they can increase the cost basis and decrease the unrealized capital gains. This strategy also works well in smaller increments to manage capital gains over multiple years.

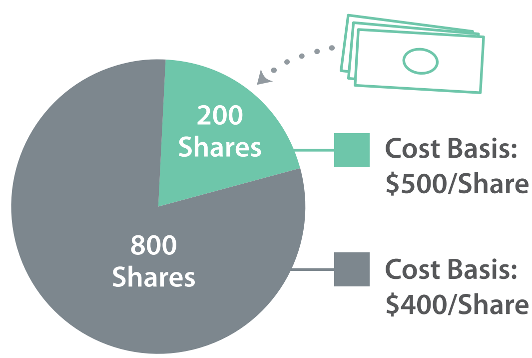
Donate Shares to a Donor-Advised Fund



1,000 Shares of ABC Company

Market Value	$500,000
Cost Basis	$400,000
Unrealized Capital Gains	$100,000

Purchase Shares to Replace the Donated Shares



1,000 Shares of ABC Company

Market Value	$500,000
Cost Basis	$420,000
Unrealized Capital Gains	$80,000

To learn more, contact us at info@greaterhorizons.org or 866.719.7886.

Greater Horizons does not provide tax, legal or accounting advice. This is for informational purposes only.