



GIFTS OF APPRECIATED STOCK OR MUTUAL FUNDS TO THE UNIVERSITY OF IOWA FOUNDATION

Gifts of marketable stocks or mutual fund shares that have appreciated (increased in value) can have an immediate impact on your favorite UI program—and also create an immediate income tax deduction for you based on the assets' current value. And because there is no capital gains tax when you make the gift, you save on taxes twice.

An outright gift of appreciated property held more than 12 months can be claimed as a charitable deduction up to an amount equal to 30 percent of your adjusted gross income in the gift year, with carry-over of any excess deduction for up to five succeeding tax years.

Example

Mrs. Johnson owns 100 shares of appreciated stock currently valued at \$50 per share (\$5,000). She purchased the stock 15 years ago at a price of \$10 per share (100 shares x \$10/share = cost basis of \$1,000).

- If she gives the stock to the UI Foundation, she can claim a charitable deduction of the full market value of the gift (\$5,000). And, since a gift to the Foundation is **not a sale**, she will **not owe** any capital gains tax on the transaction.
- If she were to sell the stock herself, she will incur \$4,000 in capital gain (\$5,000 market value—\$1,000 cost basis). After she pays \$800 in tax on this gain (\$4,000 x 20 percent capital gains tax rate), she will be left with only \$4,200 with which to make a gift to the UI Foundation.

Please note: *The Taxpayers Relief Act of 1997 includes new capital gains tax rates, ranging from 20 percent to 39.6 percent, based upon the length of time you have held your asset and the date on which you sell it. Please consult with your tax advisor for specific advice on your situation.*

Contact us

We would be happy to work with you to determine the best way to maximize your gift to the University. **Please contact our office before initiating a transfer of securities.**

Also, if you are interested in learning more about giving appreciated securities and retaining a life income, please ask us about our various life income gift options.

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***How to make a
gift of
appreciated
stock or mutual
funds to
The University
of Iowa
Foundation***

***If you have
the paper
stock
certificate***

***If you make
the gift
through your
broker***

***If you want to
make a gift of
mutual fund
shares***

The method for making your gift will depend on how your asset is being held. **We encourage you to call our office before initiating your gift.** We can provide you with the necessary transfer instructions, required forms, and sample letters to complete your gift. In order for your gift to be properly recorded, the Foundation will need the following information:

- Your name
- Whether this is a joint gift with your spouse
- What area of the University you would like your gift to support
- Name of stock and/or mutual fund
- Number of shares of stock and/or mutual fund
- Broker name, address, and telephone number (if applicable)

✓ **Hand-deliver to a UI Foundation staff member**

Each certificate should be accompanied by a stock power form signed by the owner(s) of the securities, *exactly* as each name appears on the stock certificates. In this situation, the date of the gift is the delivery date.

✓ **Mail to the UI Foundation**

Each certificate should be accompanied by a stock power form signed by the owner(s) of the securities, *exactly* as each name appears on the stock certificates. Send certificates via certified mail, return receipt requested, in one envelope. Send the stock power forms in a **separate envelope**. The date of gift is the postmark date on the envelopes containing the stock certificates and stock power forms.

You should deposit gift securities with your broker for the Foundation's account and instruct your broker to call our office immediately at (800) 648-6973 for acceptance of the gift and for further instructions. The date of gift is the date on which the securities are transferred to the Foundation's account.

You will need to initiate contact with your mutual fund company. Each fund family may have a different set of procedures and time frame for completing gifts.

The Foundation can provide you with a sample letter suitable for sending to your mutual fund company requesting they transfer shares to the Foundation. (The signature on the letter must generally be guaranteed by a bank or registered broker before mailing.) Be sure your company does not misunderstand and simply sell your shares and then send a check to you or the Foundation as this will trigger capital gains tax liability for you.