

## **GUIDE FOR GIVING CORPORATE STOCK**

The Trustees of The Mu Chapter of Sigma Chi Foundation at Denison University highly value corporate stock gifts. With the rise of the stock market to record levels during the 1990's, the value of most corporate stocks has appreciated significantly - in many cases far above the cost basis. If this is the case in your investment portfolio, you may find that a pledge of corporate stock to be a very attractive option. This guide is presented to assist you in evaluating which of the corporate stocks you hold that you might consider contributing, how to affect an accurate transfer of title, to whom to transfer the stock, and the potential effects of the gift on your Federal income taxes.

### ***How to make a gift of stock***

#### **When stock certificates are held in a broker or trust account:**

1. Direct your broker or trust department by telephone to transfer the securities you select to the account of the Mu Chapter of Sigma Chi Foundation, Inc., Fifth Third Securities, Inc., Cincinnati, Ohio. Direct them to transfer the securities on the day of your call. The number of the Foundation's account at Fifth Third Securities, Inc. is 011-103870. Tell your broker the securities can be delivered free to Fifth Third Securities, Inc. via Deposit Trust Corporation number 632.
2. Ask the broker or trust department to send you a confirmation showing the transaction was made the day you gave them directions.
3. Confirm your order in writing. Send your confirming order to your broker or trust department on the day of your call.
4. On the same day of the transaction, let the Foundation know of your gift by notifying Sandy Thomson, Mu '59, Foundation president, by mailing him a copy of your confirming order to P.O. Box 415, Granville, Ohio 43023.
5. Also notify the Foundation's broker of your gift by calling toll free to Kate Mills, Fifth Third Securities, 888-889-1025.

#### **When you hold the certificates:**

1. Deliver your certificates to your broker, banker or transfer agent. Certificates should not be endorsed until they are delivered in person or by secure transfer.
2. Follow steps #1, 4 and 5 above.

The Foundation will pay commissions and fees on the transfer of corporate stock gifts.

#### **Tax Consequences:**

The Foundation recommends you consult with your tax counsel before making a gift of stocks, bonds, mutual fund shares, or personal property. They can assist you in selecting the form of gift and making the correct transfer of title to the Foundation and offer advice on the effect of such gifts and how to identify such gifts on your Tax Return.

### **Important Details for You and Your Tax Counsel**

The Mu Chapter of Sigma Chi Foundation was incorporated April 17, 1998 in Ohio. Its Federal Identification Number is 31-160500.

The Mu Chapter of Sigma Chi Foundation is tax-exempt under IRS Code Section 501(c)(3) and is eligible under IRS Code Section 170 (b)(1)(A)(iv) to receive gifts, grants, contributions, donations, and bequests which are deductible for contributors for their Federal income and estate tax purposes.

#### ***Mail your contribution or pledge to:***

**Mu Chapter of Sigma Chi Foundation  
P.O. Box 415, Granville, OH 43023**

## MAKING GIFTS OF APPRECIATED SECURITIES; AN ATTRACTIVE OPTION

An advantageous way to contribute to the Mu Chapter of Sigma Chi Foundation is through a gift of appreciated securities. By transferring long-term appreciated securities to the Foundation you receive a charitable tax deduction for the entire value of the gift and avoid capital gains tax on the increase in value of the securities. At the same time, Mu Chapter benefits from this gift.

As with any financial decision of the type, please consult your financial and tax advisor to determine tax benefits.

### *Here is an example of how you can benefit:*

#### **Situation:**

Tom Smith owes 50 shares of common stock in Rolling Star Co. currently trading for \$20 per share.

*Current value of stock (50 x \$20) = \$1,000.*

Tom bought this stock in 1993 for \$5 per share.

*Tax basis (50 x \$5) = \$250.*

If Tom donates all 50 shares of Rolling Star Co. to The Mu Chapter of Sigma Chi Foundation, he will:

Take a \$1,000 charitable deduction on his federal income tax. His federal income tax would be reduced by \$380 assuming he is in the 38% marginal tax bracket.

Avoid capital gains taxes on the appreciated value of the security. If Tom sold his shares for \$20 per share (\$1,000) he would be required to report a \$750 capital gain (\$1,000 minus \$250) to the IRS.

Assuming a 20% capital gains tax rate, **he would owe \$150 in capital gains tax.**

This capital gains tax is completely avoided by contributing the appreciated securities to the Foundation.

#### **Summary:**

If Tom contributes 50 shares of Rolling Star common stock to the Foundation:

- Mu Chapter will benefit from a gift of \$1,000.
- Tom Smith's actual cost is just \$470 (\$1,000, minus \$150, minus \$380).

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Direct any questions to [STHOMSON55@AOL.COM](mailto:STHOMSON55@AOL.COM) or call 859-291-0423 for Sandy Thomson, president, Mu Chapter of Sigma Chi Foundation.