

Tax Implications and Benefits of Contributing Appreciated Securities

A contribution of appreciated securities can result in substantial financial benefits to Jefferies Family Scholarship and to you. Under certain circumstances, a donor is entitled to a federal income tax deduction for the full fair market value of stock that is contributed, without incurring a capital gains tax on the unrealized appreciation. Accordingly, this type of gift may have a lower after-tax cost to you than an equivalent gift of cash.

The tax rules are complex and, accordingly, certain requirements and limitations should be noted and discussed with a qualified tax advisor.

1. The appreciated securities must be held long term—more than one year under current law—and in a manner that qualifies for long-term capital gain treatment if sold.
2. Charitable deductions can be used to reduce up to 30% of adjusted gross income if contributed to a qualifying organization—Jefferies Family Scholarship is a qualifying organization.
3. Advice should be sought before contributing stock of companies that are in the process of being sold or merged.
4. Consideration should be given to the federal tax phase-out of itemized deductions and other limitations that occur at higher income levels.
5. State tax implications will vary, but should also be considered.

This information is being provided for informational purposes only. Please consult with your tax advisor.