

BUY LOW, GIVE HIGH || Giving Stock Instead of Cash

When you donate appreciated stocks, bonds, or mutual fund shares instead of cash, you'll receive charitable deductions at full, fair market value while reducing capital gains impact.

This is one of the smartest ways to give, often allowing you to make a gift that costs you less than the benefit it delivers.

Here are three reasons to consider using appreciated investments for your next gift to the University of Maryland, Baltimore (UMB) or one of its seven schools.

1. YOU CAN GIVE A GREATER AMOUNT, OR LESS EXPENSIVELY

Giving appreciated stocks and mutual funds (owned for more than one year) immediately adds a tax advantage over making the same gift in cash.

The income-tax benefit is identical to that of cash: the donor can deduct the fair market value of the gift. Giving stocks and mutual funds, however, provides that the long-term capital gain (LTCG) is not recognized on their tax return, so the donor avoids any

LTCG tax due on the appreciation.

This second tax benefit lowers the cost of the gift for the donor, or allows them to give more than they were intending to, at the same cost as the cash amount they were prepared to give.

2. YOU CAN REDUCE FUTURE CAPITAL GAINS

What if you love the stocks you own? What if you want to keep them because they have done so well, and you expect them to keep appreciating? A gift strategy allows you to keep your investment and "step up" the basis, thus reducing LTCG tax owed when they are sold.

Instead of making a gift with a check or credit card, you could donate that amount in stock, and use the cash to buy new shares of the same company. Your out-of-pocket cost is exactly the same, but you now have a new stepped-up cost basis for calculating future capital gains.

3. YOU CAN IMPROVE PORTFOLIO BALANCE

If you have an investment plan

with target percentages in various categories, differentiated by factors such as risk, size, liquidity, foreign/domestic, etc., giving can improve your portfolio balance. A portfolio rebalance occurs when you sell some shares of investments that have done well, and buy more investments that have not performed as well. This maintains the account holder's target percentage in each category, and helps the investor buy low/sell high.

Instead of selling shares that have performed well, the account holder can use the most highly appreciated stocks for charitable gifts, avoiding the LTCG tax on those shares and putting 100 percent of the value to charitable use. Thus, giving stock integrates well into the goals of regular portfolio rebalancing.



*"Did I just give, or did I give wisely?
That is the question."*

ENDOWMENT OF THE YEAR AWARD

The USM Foundation has been named Endowment of the Year by *Institutional Investor*.

Institutional Investor honors the very best investment programs in nine different categories. The USM Foundation's program won as Endowment of the Year for 2022, beating out Harvard Management Company, Hamilton College, Villanova University, Washington University, and Williams College—a very impressive group of competitors.

The USM Foundation manages endowment funds for the benefit of institutions and foundations affiliated

with the USM, including the UMB Foundation, as well as six Maryland community college foundations. This award is a tremendous tribute to the team's incredible skill in managing the UMB Foundation's endowment assets and those of our University System partners. "Sam [Gallo] and his team do a phenomenal job in maximizing the impact of all of UMB's generous donors," said UMB Foundation Interim President Jim Hughes. "It is very gratifying to see our program held in such high regard."

Again, congratulations to the USM Foundation on this wonderful honor!

GIFTS OF APPRECIATED SECURITIES

**University of Maryland
Baltimore Foundation**

Bank: Northern Trust

DTC: 2669

Reference: 26-57648

In advance of any donation of stock shares, please contact Kate Ostrowski at

kostrowski@umaryland.edu
or **(410) 706-1624** to notify the

Foundation of the company and quantity of shares you will be donating, and where you wish to designate the proceeds. For donations of mutual fund shares, please contact Kathi for additional instructions.

IF YOU ARE INTERESTED IN LEARNING HOW TO ESTABLISH A LEGACY

through deferred gifts, please give me a call. I'd love to help you discover giving options that work for you.

Office of Planned Giving

E. John McKee, M.A.

AVP, Philanthropy and

Planned Giving

877-706-4406

plannedgiving@umaryland.edu



◀ Scan this QR code to visit our planned giving website and learn more about ways to support the University of Maryland, Baltimore.

umaryland.com/plannedgiving

TO EXPLORE YOUR OPTIONS OR SHARE YOUR INTENTIONS:

Visit **umaryland.edu/plannedgiving** or contact the Office of Planned Giving at 877-706-4406 or **plannedgiving@maryland.edu**.

This publication is not intended to provide legal, tax investment, or other professional advice, and should not be relied upon for such advice. In advance of any charitable gift plan, we encourage you to seek the advice of legal, tax, and investment professionals.

THE **UMB OFFICE OF PLANNED GIVING** HELPS DONORS MAXIMIZE GIVING TO THE UNIVERSITY OF MARYLAND SCHOOLS OF MEDICINE, LAW, DENTISTRY, PHARMACY, NURSING, GRADUATE SCHOOL, AND SOCIAL WORK THROUGH TAX-EFFICIENT STRATEGIES AND OTHER OPTIONS BENEFICIAL TO THE DONOR. PLEASE VISIT **www.umaryland.edu/plannedgiving** OR CONTACT THE OFFICE OF PLANNED GIVING AT 877-706-4406 OR **plannedgiving@umaryland.edu**.