

Keep your eye on clients' appreciated stock—always



Such a difference a year makes—maybe!?

By August 2022, markets were [down 12%](#) for the year and inflation was [up 8.3%](#) year-over-year. Perhaps consequently, but then unknown, annual charitable giving was on its way to a rare (fourth time in 40 years) year-over-year decline of some 4% according to [Giving USA](#). Certainly this decline was due in part to donors not wanting to give stock at depressed values. You likely even discussed this with your clients!

Nearly 12 months later, as of July 2023, markets were [up 7.28%](#) year to date and inflation was roughly half at [4.7%](#) year-over-year. Even though the stock market still shows signs of volatility, hopefully, charitable giving will rebound.

No matter the times, and even in down markets, some stocks will still out-perform. These holdings are of course excellent candidates for your clients to give to charity and avoid taxes on the capital gains. This year is no different, with stocks like Microsoft, Apple, Nvidia, among others, enjoying banner years. Indeed, Microsoft, Apple, and Nvidia were up 38%, 36% and 228%, respectively through mid-August. For some of your clients, these gains have created [concentrated stock positions](#) where you, as an advisor, may believe that portfolio allocations have become imbalanced under the investment strategy you are pursuing. Your clients who support charities through their donor-advised funds at the community foundation can consider potentially alleviating this situation through charitable gifts of highly-appreciated stock.

Your clients who give appreciated stock to a donor-advised fund can:

—Enjoy the ease of the donor-advised fund as an account for current and future charitable giving

- Conveniently support the causes they and their families care most about
- Maintain a mix of assets in the donor-advised fund account that are consistent with the client's investment philosophies
- Benefit from an up-front income tax deduction, avoid capital gains on the assets' sale within the fund, and grow the proceeds for future grantmaking
- Leave a legacy for children and grandchildren to continue their philanthropic commitments
- Reduce the value of their taxable estate, potentially reducing estate taxes
- Comply with IRS charitable gifting guidelines
- Enjoy supporting charities in the client's name, the fund's name, or anonymously
- Receive a single year-end tax document that summarizes all gifts for tax purposes

By establishing a donor-advised fund at the Community Foundation, your client is part of a community of giving and will have opportunities to collaborate with other donors who share their interests. In addition, your client is supported in strategic grant making, family philanthropy, and opportunities to gain deep knowledge about local issues and nonprofits making a difference.

So while it's nice to see the market's performance improve, a bonus opportunity lies in your clients' transferring appreciated stock to donor-advised funds at the community foundation. We are here to help!