

## METHODS OF GIVING

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### CHECKS

Checks are the most common form of gifts to The Baby Fold and are always welcome. If you write a check to us, the gift is complete when the check is mailed. So, as long as you mail it by December 31st, you can deduct it for that year, even if it is not cashed until the next year.

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### MEMORIAL AND HONOR GIVING

Many friends of The Baby Fold make gifts as honors or memorials. A Memorial or Honor Gift is a special way to remember a friend or loved one by helping the children at The Baby Fold. A Memorial Gift is a special way to express love and remembrance for a life that has passed. An Honor Gift shows appreciation for a loved one who is living. These gifts will continue to live in and through the lives of The Baby Fold children as they find their places in society.

We will acknowledge your gift to the appropriate family on the day it is received. The amount will not be mentioned. You will also receive an acknowledgement and a receipt.

#### *Immediate Gifts as Memorials*

Many people prefer the simplicity of just writing a check in memory of a family member or friend. Experienced donors know, however, that contributing appreciated stocks, bonds or shares in mutual funds enables them to accomplish much more with their memorial giving.

Exceptional tax savings are available to people who contribute investment assets that have been owned more than one year. Consider Sarah, who was planning to write a check for \$500 in memory of her late mother. After giving the matter some thought, she instead contributed stock worth \$1,000 that she originally purchased for \$200. Her \$1,000 deduction saved her \$310 in income taxes and she avoided \$160 of capital gains taxes as well. It cost only \$530 to make the \$1,000 gift of stock.

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### MATCHING GIFTS

More and more companies are teaming up with their employees to form a winning combination for giving.

Supporters of The Baby Fold's mission can magnify their contributions by participating in the agency's Matching Gift Program. Over 1,000 companies in the United States match gifts made by current employees, spouses, retired employees, spouses of retired employees, and widows or widowers of retired employees.

Each company has its own matching gift guidelines, so ask your employer if your gift is eligible to be matched. If so, send your gift, along with your company's matching gift form to The Baby Fold.

Matching gift revenue means equipment, programs, and facilities, which will build and expand our legacy of quality residential, educational, therapeutic and family support services.

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## GIFTS OF STOCK

Stocks and gifts of securities offer an opportunity to support The Baby Fold while realizing tax savings for you. Gifts of appreciated property allow for you to save taxes twice: first, you generally deduct the current value of the stocks (not just what you originally paid), second, you bypass capital gains taxes.

**Example:** Jerry and Sara Brown purchased 100 shares in XYZ Corporation in 1982 at a cost of \$2,000. Today the shares are worth \$10,000 and pay less than 2% in annual dividends.

If the Brown's sold the stock, they would realize an \$8,000 capital gain. Because they have held the securities long-term (for more than one year), they would owe as much as \$1,600 in federal capital gains tax on a sale. More could be due in state taxes as well, depending on where they live.

The Brown's, who have committed to make charitable gifts totaling \$10,000 this year, normally make their gifts in the form of cash.

Let's look at that option and two alternatives.

	<b>Option A Give \$1,000 in Cash</b>	<b>Option B Sell Securities &amp; Give Cash</b>	<b>Option C Give Securities Outright</b>
Gift value	\$10,000	\$10,000	\$10,000
Ordinary income tax savings	\$3,960	\$960	\$3,960
Capital gains tax saved or paid, assuming 20% tax rate	N/A	\$1,600 paid	\$1,600 saved
Net tax savings	\$3,960	\$2,360	\$5,560

Note that in their tax bracket, the Brown's would realize tax savings of \$3,960 by making gifts of cash. The least desirable alternative would be to sell the stock and give the proceeds, as the payment of the capital gains tax would reduce their net tax savings to just \$2,360. If they instead made their gifts in the form of the XYZ stock with a cost basis of \$2,000, they would completely avoid capital gains tax and their combined tax savings would increase to \$5,560, some 40% greater savings than if they made their gifts in the form of cash.

**How is the Value of the Gift Determined?** Appreciated security gifts' tax deduction is fixed on the day the gift is made. For actively traded securities, the value is determined by the mean (average) between the highest and lowest quoted sales price on the date of the gift. Timing is extremely important to have the best price of the security of the gift.

**When is the Gift Effective?** A gift of stock is considered complete and thus deductible, when either (1) the stock certificate is endorsed over and mailed to the charity, or (2) ownership of the stock certificate is changed to the charity on the books of the corporation issuing the stock.

## **GIFTS OF APPRECIATED PROPERTY**

Gifts of appreciated property – property that would result in gain if sold – generally produce even greater benefits for you than gifts made in cash, by check, or by credit card. The reason? You can generally deduct the full value of the contributed property (subject to the 30% of the AGI limitation), even the gain portion that has never been taxed.

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## **GIFTS OF LOSS PROPERTY**

Loss property is property that would generate a tax-deductible loss if you sold it. If you gave this property to charity you would lose your deduction for the loss in the value of the property. So, sell the property, take the loss as a deduction, and use the proceeds of the sale to make your deductible charitable gift.

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**For more information about methods of giving, please contact:**

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