



A-B Stock Donations Are Win-Win for Donors Helping Children and Families

In light of the recent proposed Anheuser-Busch sale to InBev, many shareholders surely are wondering what their options are in dealing with their A-B stock.

If the sale goes through, shareholders must have a cash-buyout of their stock, which gives shareholders a lump-sum check for the value of their stock at the time of sale. The difference between the original stock purchase price and the final sale price is subject to capital gains taxes. Specifically, the tax percentage is determined by the shareholder's personal tax bracket.

This has shareholders facing a hefty tax on their stock sale. However, if a donor is considering a charitable gift to Youth In Need, a gift of appreciated stock, like A-B stock, is not subject to capital gains taxes. Additionally, a gift of appreciated stock also qualifies for Missouri State Tax Credits, which gives donors an additional 50 percent in tax savings.

Frank Megargel, Partner with Brown Smith Wallace, LLC, a leading St. Louis-based accounting firm and Youth In Need's independent auditor, explained the benefits of donating appreciated stock, using one share of stock as an example. "If you gave away stock that you bought at \$10 and sold for \$100, you would avoid taxes on the \$90 gain," Megargel said. "A donor also would receive a charitable deduction for the \$100 gift. If a person sells their stock first and then donates the money to Youth In Need, he would pay taxes on the \$90 gain, but would still receive the deduction for the \$100 donation."

Megargel said it's a better financial option for the donor to give the appreciated stock directly to the charity instead of selling first and then donating the cash.

Furthermore, according to the report *Smart Giving: Maximizing Your Charitable Dollars Through Donations of Appreciated Stocks and Mutual Funds*, American donors could realize \$4.5 billion in additional tax savings if they gave appreciated securities instead of cash, but most weren't aware of the tax advantages. The report also stated that almost three-quarters of all contributions made by individuals in 2004 were in the form of cash.

For more information about how to make a gift of appreciated stock, call Marissa Pulizzi, Youth In Need's Vice President of Development and Marketing, at 636-946-5600, ext. 254.

The above are intended as examples only and not tax or financial planning advice. Youth In Need encourages you to contact your accountant, financial planner or tax advisor when considering the personal benefits and consequences of a planned gift and a donation of appreciated stock. ■