

THE GUIDE TO MAKING GIFTS OF SECURITIES TO COPE ENVIRONMENTAL CENTER

If you have ever made a gift to Cope, you understand how important your support is to ensuring that Cope can continue to carry out our mission. What you may not know is that there is a variety of ways to make a gift to Cope, some of which may be more advantageous to you than making your gift in cash. One such way is to make your gift in the form of stock.

What are the advantages of making a gift of stock?

If you make a gift of appreciated stock, you can avoid paying the capital gains tax that you would be liable for if you were to sell the stock. You can also claim a charitable income tax deduction for the stock's fair market value, not just for what it was worth when you acquired it. Gifts of stock work well for Cope too. Because of the extra tax advantages you receive by funding a gift with stock, you may find that you can afford to make a larger gift than you originally planned.

How do you make a gift of stock?

Making a gift of stock to Cope is simple. The steps involved differ depending on whether the stock certificates are in your possession or in the custody of your broker or banker.

- * If you have the stock certificate, simply mail the certificate first class or registered mail to; Cope Environmental Center, 4910 Shoemaker Rd., Centerville, IN 47330. You should leave the back of the certificate unsigned. You should provide us with a letter of instruction in which you state your name and address, describe the certificate(s) (company name, number of shares, certificate number), and specify that you wish to donate your stock to Cope. You should also state in your letter of instruction whether you would like your gift to be used by Cope for a particular purpose.

In a separate envelope, send assigned stock power. The stock power transfers the stock to Cope. You should sign the stock power and leave the rest of the stock power blank. We will fill it in when it arrives at Cope. It is helpful to include a photo copy of your letter of instruction. **Be sure the stock certificate(s) and the stock power(s) are not mailed together. If they are mailed together they are negotiable and could therefore be transferred by anyone to his or her own name.**

The signature on the stock power must correspond to the name that appears on the stock certificate. You should take the stock power to your broker or bank and ask he or she to guarantee your signature by stamping and signing the stock power. This is often referred to as a "Medallion Signature Guarantee".

The date of the stock gift is the date of the post mark on the envelopes. If the envelopes have two different post marks, the gift date is that of the last of the two

envelopes mailed. The value of your gift is the average of the highest value and the lowest value of the stock on the date of the gift.

If your stock is held by your broker or your banker, there is a different procedure for transferring them to Cope. You should send your broker/banker a letter of instruction stating that you wish to donate your stock to Cope. It is helpful if you send us a copy of the letter so that we may speak directly with your broker/banker to facilitate the transfer process. In most cases, the stock will be electronically transferred to Cope and for this to occur, we must provide your broker with our brokerage account numbers. With an electronic stock transfer, the date of the gift is the date the stock is shown to enter Cope's brokerage account. This can be of particular importance for year-end gifts. If you are making a year-end gift, we recommend the gift process well before the end of December to be sure that your gift of stock is transferred to our account in a timely manner.

Which Stocks are the best ones to give?

Generally, it is advisable to give appreciated stocks that have increased in value, so you can take advantage of avoiding the capital gains tax which you would be liable if you were to sell the stock. You should give stock you have held for at least 12 months and one day. If you held the stock for less than that period of time, your gift is limited to your cost basis that is what you paid for the stock and not the stock's fair market value as your tax deduction.

If you have stock which has depreciated in value since you purchased it, you may prefer to sell the stock, claim the loss on your tax return and make a gift of the cash proceeds from the sale.

How does the charitable tax deduction work?

When you make an outright gift of stock to Cope, you are eligible for a charitable income tax deduction equal to the fair market value of the stock. If you itemize your deductions, you may claim that deduction on your income tax return up to 30% of your adjusted gross income. If your deduction is more than 30% of your adjusted gross income in the year of your gift, you may carry over the rest of the deduction for up to an additional five years (6 years total).

What if you still need the income generated by the stock?

Life income gifts such as charitable remainder trusts and gift annuities are a way to generate an income from your gift of stock. Under such an arrangement, a donor makes a gift to Cope but continues to receive income for life or the term of years. You may designate who the income recipient(s) will be (usually yourself, spouse, or both). Stocks that yield little income but are highly appreciated can be excellent choices for funding a life income gift such as a charitable remainder trust, as some or all capital gains taxes can be avoided. Gifts of stock for life income gifts are sold and reinvested for greater return and diversification.

To learn more about making a transfer of stock to Cope and how it can work to your advantage, please contact us. We would be happy to hear from you and to discuss your particular situation. We are ready to help you understand the various ways of making a gift to Cope and the different assets you can use to fund a gift. As always, thank you for your support of the Cope Environmental Center.