



## Instructions for Donating Stock (Securities) to the Manhattan Beach Education Foundation Endowment

Thank you for your interest in donating stock to the Manhattan Beach Education Foundation Endowment. Electronic delivery of stock shares is the most secure and expedient delivery process available and provides efficient internal control as well as cost savings. To help you facilitate a gift of stock, please use the following instructions.

1) Contact your broker with your donation intentions. Have them transfer the securities to:

**Wells Fargo Clearing Services LLC**  
**DTC #141**  
**Account # 63406108, Manhattan Beach Education Foundation**

Please note that your gift will transfer from MBEF to the Endowment upon receipt.

2) Notify the Foundation

Please notify the MBEF office by emailing Hilary Mahan at [hilary@mbef.org](mailto:hilary@mbef.org). Kindly provide the following information so we can identify your gift:

- A description of the securities to be donated
- The number of shares
- Your name, address, and phone number.

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### Additional Information

#### Valuation for tax purposes and date of gift

The date of the gift is the day the stock passes from your control. The value, for income tax purposes, is the mean between the high and the low quoted selling price on that day. Your gift will be acknowledged by Manhattan Beach Education Foundation.

#### Tax Savings for Stock Donations

You can realize two tax savings by contributing stock as a gift to Manhattan Beach Education Foundation Endowment.

##### 1. Deduction for charitable contribution

Federal and state tax law permits taxpayers who itemize to deduct the current value of charitable contributions from their adjusted gross income. To qualify for such a deduction, the stock must have been held by the taxpayer for more than one year.

##### 2. Save on capital gains tax

Contributions of stock may have no tax liability on the difference between the cost of donated stock and its current, fair market value (FMV): i.e. there may not be tax on the capital gains.

Here is how it can work:

Assume you purchased 100 shares of XYZ Corporation in 1988 for \$2,000. Today, the shares are worth \$10,000. If you sold the stock, you would realize an \$8,000 capital gain. Under current tax rules, you could owe as much as \$1,600 in federal capital gains tax (plus more in state taxes). You decide to make a \$10,000 gift to Manhattan Beach Education Foundation. Normally, you make your gift by an on-line donation or check, but this year you decide to see whether a stock gift would work better for you. Your comparisons are (federal tax benefits only):

	Option A Give Securities As Gift	Option B Give \$10,000 by Check	Option C Sell Securities & Give Cash
Gift Value	\$10,000	\$10,000	\$10,000
Ordinary Income Tax Savings	\$3,960	\$3,960	\$3,960
Capital Gains Tax	\$1,600 Saved	N/A	\$1,600 Paid
Net Tax Savings	\$5,560	\$3,960	\$2,360

You become entitled to a charitable income tax deduction for the fair market value of the gifted securities as of the date of gift. You eliminate capital gains tax that would ordinarily become due if you had sold the appreciated securities on the open market and donated the proceeds from the sale to nonprofit. Your charitable deduction can be claimed against up to 30% of your adjusted gross income and any unused deductions can be carried forward over the next five years. This helps you to achieve your long-term financial objective of reducing your income and estate taxes.

If you find that you have securities that have declined in value over the years and are interested in donating them, you may find it more advantageous to sell the securities first and contribute the proceeds as opposed to donating the securities outright. This strategy should allow you to claim a deduction for both the loss from the sale of the securities as well as the charitable gift. If you are considering donating stock that is subject to a cash merger or tender offer, it is important for you to note that you will be subject to tax on the capital gain even though the shares were transferred to Manhattan Beach Education Foundation before the tender offer became effective.

Gifts of appreciated securities could provide even greater benefits to you through a charitable planned gift arrangement.

Note: Manhattan Beach Education Foundation is obligated to record your gift as of the day it is received into its brokerage account. Consequently, given the increased volume of year-end gift transactions, it is advisable for you to plan your year-end charitable giving as early as possible. You may wish to have regular communications with your broker to ensure that the transfer has actually taken place. These steps should help to assure you receive proper credit for your gift within the tax year desired. Manhattan Beach Education Foundation does not make any representations as to the accuracy of the above information. You should always consult with your financial advisor before initiating a charitable gift arrangement.