

## Gifts of Marketable Securities to UCSD

Current tax laws make it possible for donors to make a gift of appreciated securities to UCSD at a remarkably low after-tax cost. When donors give appreciated property, they not only receive a deduction for the full value of the asset, but they also avoid the capital gains tax that would have been due if the property had been sold. The savings can be significant considering the combination of federal capital gains tax and state income tax (the treatment of capital gain varies from state to state<sup>1</sup>).

It is important to remember that in order to maximize the tax benefits available, donors must transfer the shares themselves to UCSD as a gift in kind. The value of a contribution of marketable securities is determined by the date on which the gift of shares is complete. This may be the date of delivery, postmark, or date of electronic transfer, depending on how your gift is made. Essentially, the gift is complete when the shares are under the control of UCSD.

Gifts of marketable securities may be made to either 1) the UCSD Foundation, for gift funds in the Foundation, or to 2) The Regents of the University of California, for gift funds in the University. Donors are generally knowledgeable about where a fund resides, but if not, a development officer or university department representative can provide the proper information to assist the donor.

The preferred method for making a gift of marketable securities is to have the securities transferred from the donor's brokerage account directly to either the Foundation's or Regents' account. **It is very important that UCSD know, in advance, that the gift will be made so that we can expedite the sale of the security for the purpose for which the donor intends the gift be used, and properly receipt and acknowledge the gift. Therefore, donors need to execute a gift letter and a broker instruction letter.** Broker instructions and sample donor letters can be found for each entity on the Gift Processing Website, directly under this information at <http://www-er.ucsd.edu/giftprocessing/>

Please contact the UCSD Office of Planned Giving at 858-534-2249 for more information, or if the shares are held in certificate form.

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<sup>1</sup> Although the capital appreciation portion of the value of an asset is no longer a preference item for federal alternative minimum tax purposes, it remains a preference item in the calculation of alternative minimum tax in the state of California.