



Dear Friend,

As 2020 begins, we know that many friends are praying about how to continue to support Potter's House this year and in the year to come. Therefore, we want to make you aware of an easy and tax-effective way of giving appreciated stock or mutual funds to Potter's House as **another option for donating and supporting the Treasures**, with no cash out-of-pocket.

We are also excited to let you know the process here is now simpler and more user friendly. You will find a letter of instruction as well as a letter of authorization that can be provided to your financial institution to facilitate the donation.

You may know these types of donations provide a two- fold benefit:

1. Avoid paying capital gains tax and, for some, the Affordable Care Medicare Tax as well, on the amount of the appreciation; and
2. If you itemize your deductions, you may be able to take a charitable deduction for the appreciated value of the stock.

Thus, you can benefit both from the charitable deduction and eliminate the potential capital gains and Medicare tax liabilities of the appreciated securities.

Attached is an example that illustrates the advantage of giving appreciated stock rather than cash.

Of course, Potter's House cannot give tax advice, so be sure to check with your accountant or tax- preparer before making this decision.

If you decide that you want to make a donation of stock be sure to follow the letter of instruction ([link](#)) and provide the letter of authorization ([link](#)) to your financial institution.

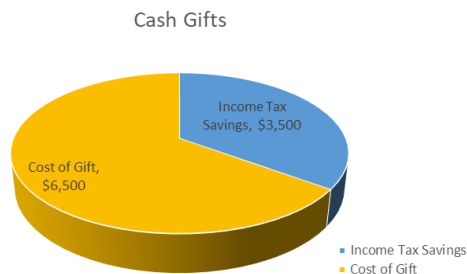
We believe that this donation opportunity will benefit both the Treasures and donors. Thank you for your meaningful love and support for the Treasures and for continuing to expand God's Kingdom in Guatemala.

On behalf of the Treasures and Staff,

Hector Rivas
Director

Giving Cash

Suppose a \$10,000 gift is made to your favorite charitable organization. If a check is written for \$10,000, a \$10,000 charitable income tax deduction may be received. For a taxpayer in the 35% income tax bracket (federal & state) and deductions itemized, this may reduce taxes by \$3,500 ($\$10,000 \times 35\%$). The net cost of the gift may be \$6,500 ($\$10,000 - \$3,500$).

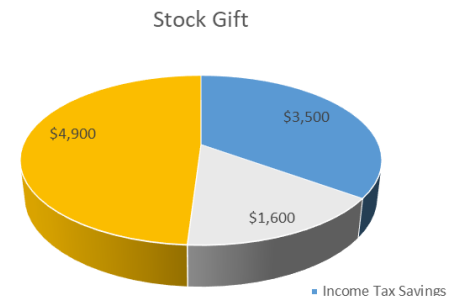


Giving Appreciated Securities

Now, suppose instead of giving cash, a donation of \$10,000 of a publicly-traded stock was made from shares acquired ten years ago for \$2,000. First, just like a gift of cash, a \$10,000 income tax charitable deduction may be claimed, thereby reducing taxes by the same \$3,500.

In this case, if the stock is sold first, \$8,000 of long-term capital gains are realized. For a taxpayer in the 20% capital gains tax bracket, \$1,600 ($\$8,000 \times 20\%$) in capital gains tax is owed. However, by donating the stock first instead of the cash from a stock sale, the potential capital gains tax liability is eliminated. By giving stock instead of cash, the net cost is further reduced by the \$1,600 of avoided capital gains tax from \$6,500 to \$4,900!

(Note, to receive the benefits, the stock must be owned more than a year.)



Giving Stock You Want to Keep: a final note....

If you own highly appreciated stock, yet still want to own shares of that company, consider gifting that same stock and then use the cash you would have donated to purchase new shares of the same stock, even on the same day! You will increase the cost basis in your newly repurchased shares to the purchase price and be in position to save more taxes later!



Letter of Instruction

INSTRUCTIONS FOR DONATING STOCK and MUTUAL or EXCHANGE TRADED FUNDS (ETFs)

Use the Letter of Authorization (LOA) on the next page to facilitate transferring publicly traded stock, mutual funds or ETFs from your financial institution to Potter's House. It is provided for your convenience. Note, if your security is held at a transfer agent, please use the LOA for *Transferring Securities from a Transfer Agent* form.

STEP 1: Complete the LOA on the next page. This is pre-filled with the proper Potter's House brokerage information to receive your gift. Complete the security name and number of shares to be gifted. If desired, add the specific lot for the security, so your financial institution can transfer the appropriate lot.

STEP 2: Initiate the transfer with your financial institution. Provide the completed, signed and dated LOA to your financial institution. Ask your financial institution if any additional information is required.

STEP 3: Notify Potters House about your transfer so we can confirm receipt and properly document and acknowledge the gift. Feel free to make a designation for an area of ministry or project if you choose.

Notifications should be sent to Andrew Pace, Potters House Association International Treasurer and board member:

- by email: adpace@gmail.com
- call/text: (205)427-7223
- -or- by mail:
Potter's House Association International
P.O. Box 106, Dept. A
Pewaukee, WI 53072

Note: if the gift remains unidentified, the gift will be placed into the general fund of PHAI.



LETTER OF AUTHORIZATION (LOA) for Stock, Mutual Funds and ETFs TRANSFERS

(to be sent to your financial institution)

This letter provides authorization to transfer the following designated securities from my account listed below to Potter's House International Association, with their account information listed below. Please call me if you have any questions or if there is a problem with the transfer. I also would appreciate a confirmation of the date the gift was completed along with the high and low price of the security on the date of the gift for my tax records.

Contributor Name (s)

Phone Number and Email Address

Address

Name of Delivering Financial Institution

My Account Number

Please deliver the following to:

- VIA DTC # 0352 to JPMorgan Chase, Account No. 741-82725 for Potter's House Association International

Please transfer the following assets. Note, any stocks, mutual funds or ETFs are to be transferred "in-kind" and not to be liquidated.

- Cash _____
- Stocks, Mutual Funds, ETFs or other publicly traded securities as follows:

Name of Security

Symbol

Number of Shares

Tax Lot (s)

Name of Security

Symbol

Number of Shares

Tax Lot (s)

Name of Security

Symbol

Number of Shares

Tax Lot (s)

Name (Please Print)

Signature

Date

Name (Please Print)

Signature

Date



Instructions for Gifting Securities Held By a Transfer Agent

Transfer Agents provide securities management for many publicly traded corporations. Computershare/BNY Mellon, American Stock Transfer & Trust, Equiniti Trust Co. (Wells Fargo), Continental Stock Transfer & Trust and Broadridge Corporate Issuer Solutions, Inc. are the top five transfer agents. These companies are used when investors of direct shares or employees need a company to manage their assets. Note, instructions may vary a little for each of the publicly traded companies and hence their agents.

Donating Securities Held by a Transfer Agent

STEP 1: Contact your transfer agent and request their form for gifting securities or transferring ownership.

STEP 2: Complete the transfer agent's form, including the security, number of shares and the tax lots of the securities for donating. *(Note, some transfer agents require a "Medallion Signature Guarantee" which can be obtained at any bank or other financial institution participating in the Medallion Signature Guarantee Program.)*

STEP 3: Send the completed form to the Transfer Agent. Be sure to use the Potter's House Association International DTC and brokerage account information below as the recipient of the gift.

VIA DTC # **0352** to JPMorgan Chase, Account Number **741-82725** for Potter's House Association International

STEP 4: Notify Potters House about your transfer so we can confirm receipt and properly document and acknowledge the gift. Feel free to make a designation for an area of ministry or project if you choose.

Notifications should be sent to Andrew Pace, Potters House Association International Treasurer and board member:

- by email: adpace@gmail.com
- call/text: (205)427-7223
- -or- by mail:
Potter's House Association International
P.O. Box 106, Dept. A
Pewaukee, WI 53072

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