



Dear Friend,

As 2016 draws to a close, we know that many American friends are praying about end-of-year donations. Therefore, we want to make you aware of giving appreciated stock or mutual funds to Potter's House as **another option for donating and supporting the Treasures**. These types of donations provide a two-fold benefit:

1. Avoid paying capital gains tax on the amount of the appreciation; and
2. If you itemize your deductions, you can take a charitable deduction for the appreciated value of the stock. What can be claimed as a charitable gift for federal income tax purposes is the securities' fair market value on the date of the gift. See Internal Revenue Code section 170(b)(1)(A). Thus you can benefit both from the charitable deduction and also eliminate the potential tax liability of the appreciated securities.

Attached is an example that illustrates the advantages of giving appreciated stock rather than cash. Of course, Potter's House cannot give you tax advice, so you should check with your accountant or tax-preparer before making this decision. If you decide that you want to make a donation of stock or if you have questions, your next step is to contact Mark Nerud, treasurer of Potter's House Association International. Mark is a trusted member of our Board of Directors and has offered to support our donors and facilitate transfers of stock. You can reach Mark via email at mark.nerud@jackson.com or phone at 312-415-1636.

We believe that this donation opportunity will benefit both the Treasures and many supporters. Thank you for your continuing love and support for the Treasures and Guatemala to continue expanding God's Kingdom.

On behalf of the Treasures and Staff

Hector Rivas
Director



Giving Cash

Suppose you would like to make a \$10,000 gift to your favorite charitable organization. If you write a check for \$10,000, you will receive a \$10,000 charitable income tax deduction. If you are in a 35% income tax bracket (federal and state) and itemize your deductions, you will reduce your taxes by \$3,500 ($\$10,000 \times 35\%$). The net cost of your gift will be \$6,500 ($\$10,000 - \$3,500$).



Giving Appreciated Securities

Now, suppose instead of giving cash, you donate \$10,000 of publicly-traded stock you purchased ten years ago for \$2,000. First, just like a gift of cash, you will be able to claim a \$10,000 income tax charitable deduction, thereby reducing your taxes by the same \$3,500. In addition, you will avoid paying the capital gains tax you would have paid if you had sold the stock rather than giving it to charity.

If you sell the stock, you will realize an \$8,000 long-term capital gain. If you are in a (federal and state) 20% capital gains tax bracket, you will pay \$1,600 ($\$8,000 \times 20\%$) in capital gains tax. However, by donating the stock instead, you will forever eliminate this potential tax liability.

By giving stock instead of cash, the net cost of your gift will be further reduced from \$6,500 to \$4,900!



Giving Stock You Want to Keep

If you own highly appreciated stock you would like to keep, consider still funding your charitable gifts with that 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 new repurchase price! That can save more taxes later!