LEARN FOR LIFE FOUNDATION
LearnForLifeFoundation.org

MAXIMIZING TAX SAVINGS BY DONATING A SMALL QUANTITY OF HIGHLY APPRECIATED STOCK

Cash gifts are the simplest charitable contributions. The tax benefits can be maximized using the strategies below (details in Maximizing Tax Savings with Cash Donations by Learn for Life.)

✅ A. Itemize your deductions (if beneficial)
✅ B. Use "Bunching" or Multi-Year Gift Planning
✅ C. Use Donor-Advised Funds (DAFs)
✅ D. Understand deduction limits for cash gifts
✅ E. Use Qualified Charitable Distributions (QCDs) if over age 70½

Learn for Life Foundation (LFL) is a US registered 501 (c)3 public charity, which provides you the tax benefits of "bunching" or "multi-year gifting" with $0 fees and also matches your donation to increase the impact for our causes for less-privileged children's education, LFL also provides you the tax benefits of a DAF, without the DAF annual admin fee (up to 1%) or DAF investment fee (up to 1%) and without the DAF transaction fee (up to $5000) for donations made to international charities. LFL donations and accounts qualify for IRA Qualified Charitable Distributions under US IRS guidelines.

HOWEVER, DONATING APPRECIATED STOCK (HELD LONGER THAN ONE YEAR) IS THE SINGLE MOST TAX EFFICIENT CHARTIABLE GIVING STRATEGY.
Here's why:

✅ **A. You avoid capital gains tax**
When you sell appreciated stock, you pay capital gains tax on the gain.
When you donate the stock instead:

- You pay $0 capital gains tax.
- The charity receives the full fair market value.

Example:

- You bought stock for $10,000 (basis).
- Now it is worth $50,000 (gain = $40,000).
- If you sell it: you might pay up to ~$8,000–$9,500 in capital gains tax.
- If you donate it:
  - You pay no tax
  - Charity receives full $50,000
  - You get a $50,000 deduction (subject to AGI limits)
  - Representing a $17,500 tax savings (at a 35% Fed + State Tax Rate) on your $10,000 cost basis.

Learn for Life Fidelity Investments Account accepts Stock Transfer Gifts / Donations.

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✅ **B. You still get a full fair-market-value deduction**

For stock held longer than 12 months:

- Your charitable deduction = FMV (fair market value) on the date of transfer.
- Deduction limit: up to 30% of AGI (public charities or donor-advised funds).

✅ **C. You can donate the "most appreciated" assets strategically**

By giving stock with the largest percentage gain, you:

- Avoid the highest future capital gains tax.
- Increase tax leverage (deduction is based on *FMV*, not cost basis).

This is why wealthy donors routinely give appreciated securities instead of cash.

✅ **D. Use appreciated stock to fund a Donor-Advised Fund**

DAFs accept appreciated assets easily.
Benefits:

- One transfer → immediate tax deduction.
- You avoid capital gains.
- You can grant to charities over many years.
- DAF assets can stay invested and grow tax-free.

LFL also provides you the tax benefits of a DAF, without the DAF annual admin fee (up to 1%) or DAF investment fee (up to 1%) and without the DAF transaction fee (up to $5000) for donations made to international charities.

✅ **E. Rebalance your portfolio tax-free**

After donating appreciated stock:

- You can re-purchase the same stock immediately with cash (no wash-sale rules on gains).
- This resets your cost basis *higher*, reducing future taxable gains.
- You effectively used charity to upgrade your portfolio tax-efficiently.

Powerful Combined Strategy Example

Optimal annual plan:

1. **Identify your most appreciated securities.**
2. **Donate them to a Learn for Life Foundation directly →**
   - **full FMV deduction**
   - **avoid capital gains**
3. **Repurchase the same positions using cash →**
   - **higher basis, future tax savings**

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4. **In retirement (age 70½+):**
    - **Use QCDs for RMD-driven giving**
    - **Use appreciated stock donations for additional giving above QCD limit**

This approach combines income-reduction, capital-gains avoidance, and deduction maximization.

When donating appreciated stock is *better* than cash. Donate stock when:

✓ It has large unrealized gains

✓ You want maximum tax efficiency

✓ You itemize deductions

✓ You plan to give a substantial amount

✓ You want to avoid future or current capital gains

✓ You want to rebalance holdings without triggering taxes

Donations in Cash is still useful for:

- **QCDs**
- **Donations above the 30% AGI stock limit**
- **When your appreciated stock has minimal gains**

About Learn for Life Foundation (LFL)

Learn for Life Foundation (https://learnforlifefoundation.org/) was founded in 2011 as a US-registered 501(c)(3) public charity, that makes direct grants to non-profit organizations in developing countries, with special focus on STEM education of less-privileged children in India.

India is currently facing one of the worst educational crises in the world. Over 20 million children are out of school. Drop-out rates are unusually high. After starting primary school, 33% of the children drop out before they reach 5th grade. According to education reports for rural India, after three years at school, over 60% of the children still cannot read.

We partner with trusted local volunteer organizations in rural communities who share our mission, values, and deep commitment to education. Each partner is carefully vetted and selected based on a model where 100% of our donation directly supports educational programs with no part allocated to partner administrative costs or overheads.

Our holistic education model goes beyond academics to nurture character, confidence, and communication skills, empowering students to become thoughtful leaders who uplift and inspire their communities.

Donations can be made to the LFL General Fund at Fidelity Investments, or you can establish your own LFL Named Endowment (e.g. LFL John Doe Endowment) at Fidelity Investments, which can be managed by you or your financial advisor. There will be no fees or other charges compared to other brand-name non-profits, which spend between 15-20% on advertising, fund-raising, general and administrative overhead. This ensures that 100% of your donation goes directly to an existing LFL education program or a non-profit education program of your choice.

Please join us on this journey of maximizing your tax savings and uplifting the next generation of children in rural and disadvantaged communities.

Best Regards

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