

YOUR APPRECIATED ASSETS CAN BECOME EXTREMELY APPRECIATED!



If you're in the fortunate position of owning assets that have gone up in value significantly and are considering selling them to lock in your gains, please consider gifting a portion to Court Sports for Life Foundation ("CS4L") instead.

The net cost to a Colorado taxpayer for each donated dollar could be as low as 29 cents. That's right, the tax benefits might be valuable enough to multiply your gift by more than a factor of 3!



For instance, suppose you own a stock that you bought at \$100 per share and which is now worth \$700 per share. (It doesn't have to be Tesla, but it could be....) Let's compare what you get if you sold it outright and what you get if you donated the stock to CS4L. In each case, we do the calculation for one share of the stock.

Option 1. Sell the stock for \$700

Since your cost is \$100, you have a taxable capital gain of \$600. You will have to pay capital gains tax (both Federal and State), which would total approximately \$180. (That's assuming that you've held the stock for more than a year, and therefore qualify for long term capital gain treatment. If your holding period is less than a year, your tax bill would be even higher.) So, you would end up with $\$700 - \$180 = \$520$.

Option 2. Donate the stock to CS4L

Since CS4L is a Colorado Enterprise Zone project, gifts from Colorado taxpayers qualify for a Colorado income tax credit (25% for cash, 12.5% otherwise). This is a credit, not a deduction, so your Colorado tax bill will be lowered by 12.5% of \$700, i.e., \$87.50. Additionally, you get a Federal tax benefit for making a charitable donation. Assuming a Federal tax bracket of 38%, this means a reduction in your Federal tax bill of 38% of \$612.50 = \$233. (\$612.50 is the net value of your donation after the Colorado tax credit: $\$700 - \87.50 .) In total, by giving the stock to CS4L, you get **\$320** in tax reductions.

The difference to you between these two options is only \$200 (receiving \$520 from selling vs. \$320 from donating) – in other words, **at a cost of \$200 to you, you have gifted CS4L \$700!** This is a 3.5 to 1 leveraging of your donation – what a wonderful way to turn your appreciated asset into an extremely appreciated gift!

Even if your asset has *only* doubled in price, a similar calculation shows that your cost to give a dollar to CS4L is only 39 cents – i.e., you still multiply the impact of your gift by 2.5 times.

The above calculations are based upon certain assumptions about your tax position. You should always confirm with your tax professional how a gift to CS4L would impact your specific tax situation.

If you have questions, feel free to contact me directly. If you'd like to proceed, please contact David Lamb, Financial Advisor at Edward Jones, who handles CS4L's securities transactions. He can be reached at (970) 879-7742 or david.lamb@edwardjones.com.

Thank you!

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