

Gifts of Securities

Using appreciated securities is a popular alternative to a cash gift.

Advantages

- Avoid capital gains tax on appreciation on securities held more than a year.
- Charitable income tax deduction equal to full value of securities held more than a year, for those that itemize their federal tax returns. (Some states may also allow a deduction) Deductibility is limited to 30% of Adjusted Gross Income (AGI) with a five-year carryover of amounts in excess of this annual limitation.

Ideas

- Make your annual gift a gift of stock.
- Fund a gift annuity, charitable remainder trust, donor-advised fund, or scholarship endowment with stock to save taxes and increase the total value for distribution.
- Let the University share in your company's growth through a gift of closely-held stock.
- Pass appreciating stock to your family at a lower transfer tax cost through a charitable lead trust.

Procedures

1. If the certificates are in your possession and unendorsed

- Mail by Registered Letter certificates with letter of donation (transmittal) and instruction.
- Separately mail stock power for each certificate, with nothing but your signature and number of shares to same address. *A Stock Power Form is available by calling us or from your investment brokerage firm.*
- On the stock power, fill in only the description of the security and sign your name exactly as it appears on the face of the certificate. *Do not fill in the University's name as transferee or "attorney to transfer" on either the certificate(s) or stock power(s).*

2. If the certificates are already endorsed

- Send by REGISTERED MAIL or deliver by hand.
- Please call us so we will expect the delivery.

3. If your broker or bank will handle the transfer

- Inform your broker or bank that you wish to make a gift to California State University, Chico. Each gift is received by The University Foundation, CSU,Chico.
- Please remember that you DO NOT want your broker to sell the stock and forward the proceeds to The University Foundation. This will jeopardize your tax savings benefits.
- Instruct your broker or bank to hold a specified number of shares for The University Foundation's account, subject to The University Foundation's instructions.
- If the securities are held by your bank or broker, it is usually best to transfer them electronically via the Depository Trust Co. (DTC) system. * We can provide your broker with all necessary information

4. For all securities gifts

- Notify California State University, Chico in writing of your intention and the purpose for which the gift is to be used. If your broker or bank has been instructed to complete the gift, indicate this in your letter

FREQUENTLY RAISED QUESTIONS ABOUT GIFTS OF STOCK

Required Information

The donor or the transferring broker must provide the following information, for audit and acknowledgment purposes:

Donor's name and complete address

Name and number of securities transferred

Specific program to which gift should be directed, if any

What should I do if my stock has depreciated in value?

Sell the stock and give the cash proceeds. You will be entitled to two deductions, one for the capital loss and the other for the charitable gift. Do not, however, give the depreciated stock directly to the nonprofit organization, as you will not be able to take a deduction for the capital loss.

What if I want to keep my stock portfolio as it is?

If you are planning to make a year-end cash gift -- \$5,000 for example - and you also own appreciated stock that you want to retain, contribute \$5,000 worth of stock and repurchase the stock on the market with your cash. You receive the same \$5,000 charitable deduction, you pay no tax on the capital gain, and you increase your cost basis, thereby reducing the capital gains tax due when you eventually sell the stock.

What can I do if I want to split the Certificate I hold?

We can arrange for a stock certificate or bond to be split in the event you wish to give fewer than the number of shares or bonds than the certificate represents. If you are holding the stock certificate or bond, simply send it to us in accordance with the procedures outlined above and indicate in your covering letter your Social Security number and the number of shares (or the dollar amount of the bonds) you wish to donate. Your signature on the stock or bond power must bear a *Medallion Signature Guarantee*, which can be obtained from the bank or broker. We will arrange for a new bond or a new certificate for the remaining shares to be issued and returned to you. Of course, if your securities are held by a broker, the broker can arrange for the certificate or bond to be split.

IMPORTANT NOTICE: The information above is, by necessity, of a general nature. Please consult with your accountant, attorney or other professional advisor regarding its applicability to your particular circumstances.

At the time of transfer, you may directly communicate this information by contacting:

Mr. Gary Salberg
Director of Major Gifts & Planned Giving
University Development Office - 0155
California State University, Chico
Chico, CA 95929-0155
Phone: 530-898-5297
gsalberg@csuchico.edu

Technical Information

Effective Date and Valuation of Your Gift

A gift of securities is considered complete on the date the securities irrevocably leave your control. If you mail us the securities, the gift date is the date of the postmark. Thus, if you need to substantiate a year-end gift, we suggest you retain receipts for mailing.

If you hand deliver the securities, the gift date is the date the University takes physical possession of the securities. If the securities are transferred on the books of a bank or brokerage firm, the gift date is the date on which the securities are irrevocably moved out of your account for the benefit of the university.

Your gift of securities held long-term is valued at its fair market value on the gift date. In the case of publicly traded securities, the fair market value is the average of the high and low (or bid and asked) prices for the securities on the gift date.

Mutual Fund shares are valued at the "closing price" on the day that the shares enter The University Foundation's account.

Gifts of Closely Held Stock

You may be unaware that you may make gifts of closely held stock and other non-readily marketable securities and, moreover, that they offer many tax advantages. These gifts involve special handling, however, and you are urged to contact The Director of Major Gifts & Planned Giving to explore the alternatives for structuring the gift

Special Circumstances

- If the donor is an officer, director or other "insider" of the (publicly traded) company whose shares are being traded, certain Rule 144 procedures must be followed (consult your broker).
- If a corporation is making the gift, a Corporate Authorization to Transfer must accompany the stock which is being gifted.
- If the donor is deceased, please call the Development Office for transfer documentation requirements.
- If the gift is shares of a mutual fund, two stock powers may be necessary.
- Additional documents for gifts from IRA's may be required - please contact the Development Office for more information.

The University Foundation - CSU, Chico Processing of Securities

1. We actively work to obtain notice of securities gifts as soon as possible
2. We confirm that the University Foundation holds an account for accepting the transfer.
3. We communicate the Account & Brokerage numbers to the donor/representative.
4. We confirm a completed transaction and effective date. (Broker's Courtesy Notification)
5. We confirm that the securities are being sold immediately
6. A university Director of Development completes the "Gift-In-Kind Form".
7. With all information & required signatures, the GIK Form is delivered to gift processing staff.
8. If the purpose of the funds is other than an established account within the University Foundation, an "Account Authorization Form" will be required which designates the use and authorities connected to the gift.
9. A letter is prepared for the donor acknowledging the gifted assets and gift date.
10. Thank You letter is sent from the college and/or Project Director.

STOCK / BOND POWER AND SUBSTITUE FORM W9

The undersigned does (do) hereby sell, assign and transfer to:

Name of new owner (1.) _____
Address of new owner (2.) _____
City, State, Zip Code (3.) _____
Social Security Number: SS#/TIN of new owner (4.) _____

(5.) _____ certificate shares or bonds represented by certificate numbers (6.) _____

and/or

(7.) _____ bank held shares held for you in account number _____

(8.) _____ of the (9.) _____ stock/bond of

(10.) _____ standing in the name(s) of the undersigned on the books of said Company, and hereby irrevocably constitute and appoint _____ to transfer said stock or bond(s) as the case may be on the books of said Company, with full power of substitution in the premises.

- If this transfer does not change the beneficial owner(s) or social security/taxpayer identification number, the dividend reinvestment plan will continue.
- If the transfer results in a change of the beneficial owner(s), an authorization to enroll in the dividend reinvestment plan must be submitted by the new owner(s) of the shares unless the new owner(s) is currently a dividend reinvestment plan participant.

Dated _____

IMPORTANT - READ CAREFULLY

Signature must be Medallion Guaranteed by a Financial Institution that is a member of The Securities Transfer Association Medallion Program, or Stock Exchange Medallion Program.

SIGNATURE OF CURRENT REGISTERED OWNER OR LEGAL REPRESENTATIVE

SIGNATURE OF CURRENT REGISTERED OWNER OR LEGAL REPRESENTATIVE
(IF MORE THAN ONE MEDALLION GUARANTEE TO BE AFFIXED HERE)

SUBSTITUTE Form W-9

**Department of the Treasury,
Internal Revenue Service**

**Payer's Request for Taxpayer
Identification Number (TIN)**

Part 1 - PLEASE **PROVIDE YOUR TIN** IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW.

<p>New Owner Social Security Number or Taxpayer Identification Number</p> <p>_____</p>

Part 2 - Check the box if you are NOT subject to backup withholding under provisions of Section 3406(a) (1) (c) of the Internal Revenue Code because (1) you have not yet been notified that you are subject to backup withholding as a result of failure to report all interest or dividends or (2) the Internal Revenue Service has notified you that you are no longer subject to backup withholding.

Part 3 - Check box if the new owner(s) have applied for and are awaiting a TIN

CERTIFICATION - UNDER THE PENALTIES OF PERJURY, I CERTIFY THAT THE INFORMATION PROVIDED ON THIS FORM IS TRUE, CORRECT AND COMPLETE.

SIGNATURE _____ Date: _____
(of new owner)

Print Name _____

NOTE: FAILURE TO COMPLETE THIS SECTION MAY RESULT IN BACKUP WITHHOLDING ON ANY PAYMENTS MADE TO YOU.

The University Foundation, California State University, Chico
COURTESY NOTIFICATION of SECURITIES TRANSFER

**BROKERS: Please FAX or Mail this completed notification to the
 Director of University Development for Major & Planned Gifts.**

Broker Name	Account #	
Address		
City	State	Zip
Phone	FAX	
Donor Name		
Donor Address		
Donor City	State	Zip
Donor TIN		
Designated Account Name / Purpose		

	1	2	3
Security Name			
Symbol – CUSIP			
Number of Shares			
Date Released by Donor			
Date Received In the UF's Account			
Received Day - Low			
Received Day - High			
Received Day - Average			
Total value at Average share price			
Comments:			
Gift Designation / Purpose:			

IMPORTANT INSTRUCTIONS

It is the policy of The University Foundation to liquidate any donated securities as soon as possible after the donation is received into our account. Please promptly sell the gift shares at market when they are verified as cleared for sale.

Send the proceeds to The University Foundation at the address below.

If you or the donors have questions related to this gift, please contact the Director of University Development for Major & Planned Gifts. Thank you.

Investment Representative: _____ **Date:** _____

Investment Representative Signature: _____

Gary Salberg
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 for Major & Planned Gifts*
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