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 form the college and/or Project Director.