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Unlocking Potential: Why Donating Appreciated Assets Makes Sense

When we think of charitable giving, cash donations often come to mind. Yet, for many, the most impactful gifts may already exist in their portfolio: appreciated assets. These are investments like stocks, real estate, or other holdings that have increased in value over time. By donating these assets directly to charity, you can unlock their full potential—creating a win-win situation for both you and the causes you care about.

This innovative approach to giving doesn't just benefit charities; it also maximizes the efficiency and impact of your generosity. For Catholics, donating appreciated assets embodies the principles of stewardship and reflects the profound calling to use God's gifts wisely.

Why It Makes Sense to Donate Appreciated Assets
Appreciated assets are investments that have grown in value since their purchase. Examples include:

- Stocks or Mutual Funds: Investments in the financial markets that have appreciated over time.
- Real Estate: Property holdings that have increased in market value.
- Other Assets: Items such as cryptocurrency or collectibles.

When sold, these assets typically incur capital gains taxes on the increased value. However, donating them directly to charity allows you to bypass these taxes, amplifying your gift's impact.

Donating appreciated assets directly to charity, bypasses capital gains taxes on an asset's appreciation. This ensures that the full market value of the asset benefits the charity. Additionally, donors may be eligible to claim a charitable deduction for the asset's fair market value, further reducing taxable income.

Direct donation of these assets increases the value of your contribution when compared to selling the asset and donating the proceeds. This ensures that charities receive more resources to support their missions, maximizing the real-world impact of your generosity.

With the guidance of financial advisors and charities experienced in accepting non-cash donations, the process of transferring appreciated assets can be straightforward. Many organizations provide clear instructions and assistance to make giving seamless.

Aligning Generosity with Faith
For Catholics, giving is not just about the act itself but about aligning our resources with our faith. Donating appreciated assets exemplifies the virtues of prudence, stewardship, and generosity. Donations of appreciated assets can provide an impactful source of funding to a philanthropy and leave a lasting legacy that extends beyond your lifetime.

Examples of Impact

- Supporting a Community Mission: A donor gifts appreciated stock to a Catholic charity focused on feeding the hungry. The charity liquidates the stock, using the proceeds to fund meal programs. The donor avoids capital gains taxes and provides more meals than they could have with a cash gift of equivalent value.

- Sustaining a Parish: A parishioner donates a parcel of appreciated land to their church. The church sells the land, using the funds to renovate its facilities and expand community services. The donor's gift ensures the parish thrives for future generations.
- Promoting Education: A retired couple transfers appreciated mutual funds to a Catholic school's scholarship program. The donation provides tuition assistance to dozens of students, reflecting the couple's commitment to faith-based education.

Unlocking the Potential Within

Donating appreciated assets is a powerful way to give more while taxing less. It unlocks the hidden potential of investments, turning financial growth into spiritual and societal impact. For Catholics, this approach transforms blessings into meaningful contributions, embodying the Gospel call to serve others.

If you're ready to explore how appreciated assets can amplify your generosity, contact The OCF philanthropy team at 714.282.3021 or info@OrangeCatholicFoundation.org. Together with your trusted advisors, we can unlock the power of giving, leaving a legacy of faith, love, and stewardship for generations to come.

Please note The Orange Catholic Foundation does not provide tax, legal or accounting advice. This material is prepared and made available for informational purposes only.

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