# Jack and Dee Twain

**Immediate impact, long-term opportunities**


When can donating $100,000 really only cost you about $60,000 ... and help you increase your capacity to give in the future? If you're Jack and Dee Twain, the answer is, when you donate $100,000 in appreciated stock to a Ren donor-advised fund.

The Twains have been longtime givers. Each year, they donate gifts totaling $5,000 to their church, alma mater and the local symphony. With a combined income of $175,000, the Twains have a portfolio with liquid investments valued at $2.5 million, including $100,000 worth of XYZ stock that Dee purchased several years ago with a $40,000 inheritance. They're at a point where they'd like to sell the XYZ stock, but they're not too excited about paying $11,550 in capital gains tax.

The Twains' financial advisor sees an opportunity. If the Twains put the appreciated stock into a donor-advised fund, they will realize a triple benefit: They will endow their future charitable giving, eliminate the capital-gains-tax threat and receive a tax deduction of $100,000 for the year of the gift.

Here's how it works: Once the stock is transferred to the donor-advised fund, it can be sold and the proceeds used to reinvest in mutual funds, ETFs, stocks, etc., which allows the Twains a consistent level of giving. The gift of the stock combines with the immediate tax deduction for an impact of $39,550 in tax savings.

But there's more. The Twains' financial advisor recommends that they purchase additional investments with a portion of their tax savings and their previous checkbook giving of $5,000 a year. By doing this, within a few years, the couple will likely have built investments that equal or exceed the $100,000 value of the XYZ stock, and those investments will have a higher costs basis.

Bottom line? The establishment of a vehicle for ongoing charitable giving, a significant tax saving and a plan for building additional wealth ... the perfect recipe for doing good while doing well.

**Assumptions**

- Deduction may be limited. Consult a tax advisor
- Marginal Federal and state income capital gain tax rate of 19.25%
- For illustration purposes, the income tax burden reduction reflects the Twain's federal marginal rate of 28% since many states do not permit itemized charitable deductions.

## Benefits of Twain donor-advised fund

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| **Income Tax Deduction** | **$100,000** |
| **First-Year Tax Savings** | **$28,000** |
| **Capital Gain Tax Avoided** | **$11,550** |

*This example is hypothetical and for educational use only. The situations, tax rates or return numbers do not represent any actual clients or investments. There is no assurance that the rates depicted can or will be achieved. Actual results will vary. Please consult with legal and tax counsel about the suitability.*