

# SWARTHMORE COLLEGE GUIDE TO GIFTS OF SECURITIES

Increasing numbers of alumni and friends are making gifts to Swarthmore College using appreciated securities including stock, bonds and mutual funds. A donor is entitled to take a charitable deduction for the full fair market value of appreciated securities held longer than one year and usually avoids paying the capital gains tax that would be due if the donor sold the securities.

This guide outlines procedures for making gifts of appreciated securities to Swarthmore College. For specific legal, tax, or investment questions, we recommend you consult your financial planner or lawyer.

## *To Donate Publicly Traded Stock or Bonds held at a Bank or Brokerage Firm*

If your stock is held in a brokerage account, send a letter of instruction to your broker or banker with a full description of the securities and your gift's intended purpose. Securities can be sent electronically using the following transmittal instructions:

*Morgan Stanley, Swarthmore College Account #263-106330-306; DTC #0015*

*Contact at Morgan Stanley: Jeffrey Berns 800-524-2423*

*Merrill Lynch, Account #871-07523; DTC #5198*

*Contact at Merrill Lynch: Matthew G. Rafferty 215-587-4690*

Please send a copy of your letter of instruction to Ruth Krakower, director of alumni and gift records, by mail, fax (610-690-3831), or email (rkrakow1@swarthmore.edu). Please also call (610-328-8407), fax, or email Ruth Krakower to advise her of the transfer. When you contact her, include the following information:

- The purpose of the gift (e.g., The Swarthmore Fund or restricted purpose).
- Names of the corporations and the number of shares you authorize.
- Name and phone number of your broker.

## *To Donate Stock Certificates You Hold*

- Send the unsigned certificates, preferably by certified mail, to the College to the attention of Ruth Krakower, director of alumni records and gifts.
- Copy and send the College one blank stock power (see page 3) for each company whose stock you are transferring. Only the signature line should be filled in, with the signature(s) matching the name(s) that appear on the face of the certificates, or both names if the stock is jointly owned.
- An officer of a commercial bank must guarantee the owner's signature.
- Send the certificates and stock powers in separate envelopes. Send the signed stock power in one and the stock certificate(s) in the other with a letter (also signed by the owner(s) of the stock) stating that the stock is being donated to Swarthmore College.
- Please be sure to mention the purpose of the gift (e.g., The Swarthmore Fund or restricted purpose).

**Effective Date and Value of Your Gift** Swarthmore will value your publicly traded securities based on the mean market value of the securities on the gift date and provide you with a receipt for your tax records. Swarthmore determines your gift date according to the guidelines below. Valuation of closely held securities may differ.

By mail, it is the **later of the post-mark dates** of your separately mailed stock certificates and stock powers.

By electronic transfer, it is the date **that the securities enter Swarthmore's account**.

By hand, it is the **date that a Swarthmore employee receives the stock certificates and stock powers**.

By reregistering securities in Swarthmore's name yourself, it is the **date on the new certificates**. (This method takes the longest.)

**Split Certificates** Swarthmore can arrange for a stock or bond certificate to be split if you wish to donate only a portion of the securities represented by the certificate. In your letter to Swarthmore, please provide the number of shares or dollar amount of bonds you wish to give, and the social security number and complete name of the registered shareholder. Also confirm the mailing address for reregistering the remaining shares. Please also provide a blank signed stock power.

**Depreciated Securities** If you hold securities that have declined in value, it is usually advisable to sell the securities to establish a tax loss and then donate the cash proceeds to Swarthmore.

**Short-Term Appreciation** Usually you should not make a charitable gift of appreciated securities when you have owned the securities twelve months or less. With such a gift, only your cost basis is deductible.

**Limits on Deductibility** You can use your deduction up to 30% of your adjusted gross income. You can take any unused deduction in up to five succeeding years.

**Gifts of Closely Held Stock** You may also give non-marketable or closely held stock to Swarthmore. This type of gift offers many tax advantages, but it requires special handling. Please contact the Office of Gift Planning at 610-328-8334 or at 800-525-8622 for information.

**Gifts of Mutual Fund Shares** The charitable deduction for a gift of mutual fund shares is the public redemption price on the date of gift. Although the tax benefits of giving mutual fund shares are similar to other securities gifts, gifts of mutual fund shares take longer to complete. Please contact Ruth Krakower for more information.

### *Giving Securities While Retaining Income for Life*

You may also make a gift of stocks, bonds, or mutual fund shares to Swarthmore and receive income during your life, a term of years, or provide for income to your spouse, a family member, or friend. There are several plans available. The tax advantages vary according to the arrangement you choose. To learn more, please contact Jessica Cunningham, assistant director of donor relations at 610-957-6338 or jcunnin1@swarthmore.edu.

If you have any additional questions, please contact Ruth Krakower, any business day between 8:30 a.m. and 4:30 p.m. Feel free to use email (rkrakow1@swarthmore.edu), fax 610-690-3831, or phone 610-328-8407 for immediate response.

Requests for further or specific information: 866-526-4438

*Your interest in and generosity to Swarthmore College are deeply appreciated*

*Swarthmore College  
500 College Avenue  
Swarthmore, PA 19081  
610-328-8000  
800-525-8622*

# IRREVOCABLE STOCK OR BOND POWER

For Value Received, the undersigned does (do) hereby sell, assign, and transfer to

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\_\_\_\_\_ (Social Security or Taxpayer Identifying No.)

**If Stock, Complete This Portion:**

\_\_\_\_\_ shares of the \_\_\_\_\_ stock of \_\_\_\_\_ represented by  
Certificate(s) No(s) \_\_\_\_\_ inclusive, standing in the name of the undersigned on the books of  
said Company.

**If Bonds, Complete This Portion:**

\_\_\_\_\_ bonds of \_\_\_\_\_ in the principal amount of \$ \_\_\_\_\_  
No(s) \_\_\_\_\_ inclusive, standing in the name of the undersigned on the books of said  
Company.

The undersigned does (do) hereby irrevocably constitute and appoint \_\_\_\_\_  
attorney 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.

**Dated** \_\_\_\_\_

**IMPORTANT- READ CAREFULLY**

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or bond(s) in every particular without alteration or enlargement or any change whatever. Signature guarantee should be made by a member or member organization of the New York Stock Exchange, members of other Exchanges having signatures on file with transfer agent or by a commercial bank or trust company having its principal office or correspondent in the City of New York. 7-70

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(Person(s) executing this power sign(s) here)

**SIGNATURE GUARANTEED**