

The Smartest Way to Give in Today's Market

Why there's never been a better time to give charitably

By Jeff Ott – Author and Independent Columnist – Oct. 2025

After several years of post-COVID market expansion, investors are sitting on record levels of unrealized gains. Technology leaders like **NVIDIA**, **Amazon**, and **Apple** have multiplied in value five- to ten-fold over the past decade. For those fortunate enough to hold these appreciated shares, the current tax rules create an extraordinary opportunity: you can make a charitable impact *and* improve your personal tax outcome at the same time. And equally important, donating highly appreciated stock will most likely result on meaningful “cash on cash” returns while “giving”.

How the Tax Code Treats Charitable Donations

The IRS allows deductions for charitable contributions made to qualified 501(c)(3) organizations under Section 170 of the Internal Revenue Code. The deduction limit depends on what you give:

- **Cash donations** are deductible up to **60 percent of adjusted gross income (AGI)**. You write the check, claim the exact amount, and that's it.
- **Donations of long-term appreciated stock**—shares you've held for more than one year—are deductible up to **30 percent of AGI**. But the key benefit is that you are allowed to deduct the *full fair-market value* of the stock without paying capital-gains tax on the appreciation.

That means a direct stock donation can deliver up to a **40 percent greater tax benefit** (depending on your tax rate) than you would achieve by selling the stock and donating the after-tax proceeds.

A Simple Illustration

Imagine you bought **NVIDIA** at \$50 per share five years ago and it's now trading near \$500—a 900 percent gain. Note this simple illustration does not include any state or local tax impacts.

1. If you sell the stock first and then donate the cash:

- You realize a \$450 gain and pay roughly 24 percent in combined federal (20%) and NIIT (3.8%) capital-gains tax.
- Your \$500 stock sale nets about **\$382** after tax.
- You donate that \$382 and deduct \$382 on your return.
- Assuming a 30% marginal tax rate, the \$382 deduction saves \$114.60 in taxes.
- You originally spent \$50 and donated \$382 (net) to your charity.
- Also worth consideration is that at an original cost of \$50 and a tax savings of \$114.60, you effectively realize a cash-on-cash return of 188% on the amount invested in the stock.

2. However, If you donate the stock directly (“in-kind”):

- You avoid capital-gains tax entirely.
- You deduct the full \$500 fair-market value.
- The charity receives \$500 instead of \$382, and your tax deduction is larger.
- Assuming a 30% marginal tax rate, the \$500 deduction saves \$150 in taxes.
- Your \$50 original investment resulted in a \$500 charitable gift
- At an original cost of \$50 and a tax savings of \$150, you effectively realize a cash-on-cash return of 300% on your original investment.

Note: A cash payment to your favorite charity will have the same treatment as the first example above except in that case there would be no appreciation to add to the cost basis.

Why This Matters Now

The last decade’s stock-market surge—accelerated by the recovery following COVID-19—has produced trillions in unrealized gains. Many portfolios are now overweight in technology and growth sectors, and investors are looking for ways to rebalance efficiently. Donating appreciated stock achieves several goals at once:

- **Avoid capital-gains taxes.**
 - **Increase your deduction and your giving power.**
 - **Reduce concentrated positions** in a tax-efficient manner.
 - **Support meaningful causes** without reducing liquidity as sharply as an equivalent cash gift.
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The Bottom Line

There has never been a better time to give. The IRS rules reward generosity and smart planning by letting you transfer appreciated assets directly to charity at full value. For donors holding stocks that have soared in recent years, the math is simple: **donating stock in-kind is superior to donating cash.**

It’s a rare situation where doing good and doing well truly align—a chance to create measurable impact while improving your own tax efficiency.

Move Forward with Purpose. Give where it counts.

Visit www.purposeforward.net for more information about charitable giving