Valuation
The value of your gift of securities is based upon the mean between the high and low or bid and asked quotations on the day the securities pass from your control. For example, on December 1, when you mail your certificate for (250) shares of (XYZ) Corporation to Princeton (or your banker or broker transfers the securities into an account for the University), the high is $21 and the low is $19. At the mean price of $20 per share, your gift is worth $5,000. It is important to take special care with gifts made in late December to be sure the transaction meets the IRS requirements for establishing a gift date in that tax year.

Mutual Funds and Dividend Reinvestment Plans
It is also possible to make donations of mutual fund shares and of securities accumulated in dividend reinvestment programs. In each case, the companies have their own individual procedures. It will be necessary for you, as the shareholder, to contact the company for details of their requirements for effecting a donation. The Annual Giving office will be glad to assist you as needed.

Restricted, Control, and Closely Held Securities
Similar benefits to those described in this brochure may apply also to gifts of restricted securities, control securities, and closely held securities. These situations cannot be covered in detail here, but in general terms, restricted and control securities are shares of publicly traded companies acquired in certain types of private transactions or by senior officers or directors of the companies; and closely held securities are shares in companies that are not publicly traded. Special appraisal rules and other procedures may apply in making gifts of such shares, so please be sure to contact the Annual Giving office in advance for assistance in completing the necessary arrangements.

Tax Planning
This brochure is intended to provide general information—not specific legal or tax advice. For assistance with particular questions or situations, please feel free to call the Annual Giving office at 609.258.3374 or the Gift Planning office at 609.258.6318. We will be glad to make available to you the help and advice of experts in tax planning and in all forms of giving (not only securities, but also IRA gifts, limited partnership interests, trusts, real estate, stock options, tangible personal property, etc.)

Electronic Deliveries
Princeton has an account in the Depository Trust Company system (“DTC”), the national clearing house for transfers of securities. Because all banks and brokers are part of the DTC system, securities can be transferred from the donor’s account to Princeton’s account almost instantaneously. See the “Procedures” section of this brochure.

Matching Gifts
Many companies sponsor matching gift programs that will match contributions made to Princeton by their employees or their employees’ spouses. Matching gift companies will match the dollar value of your gift of securities to Princeton. Complete details and forms are available from the company.

Princeton Contact Information
For U.S. Mail:
Kathy Hamnett
Princeton University
P.O. Box 5357
Princeton, NJ 08543-5357

For overnight delivery:
Kathy Hamnett
Helm Building
330 Alexander Street
Princeton, NJ 08540

tel. 609.258.0160 fax 609.258.6773
E-mail: stock@princeton.edu
www.princeton.edu/AG

December 2009

Gifts of Securities

Tax Advantages
Under current tax law, charitable contributions of appreciated securities that you have held for more than one year are deductible at their full current market value up to 30% of your adjusted gross income.* Any excess beyond this limit can be carried forward for five years.

*There is an alternative permitting you to deduct up to 50% of your adjusted gross income (also with a five-year carry-forward for any excess), which may be attractive if the securities have only modest appreciation. Please contact the Annual Giving office for further information if you believe this alternative might be useful for you.
Attn: Robert Moses, UBS Financial
Trustees of Princeton University
Account #PT-57000-LM
DTC#0221

Please send a copy of this correspondence to the Office of Alumni and Donor Records:
Kathy Hamnett
Princeton University, PO Box 5357
Princeton, NJ 08543-5357
Or via fax to 609.258.6773

If you or your banker or broker has any questions about stock gifts, please contact Kathy Hamnett at 609.258.0160 or by email at: stock@princeton.edu

For Securities Held by You—Preferred Method
By ordinary first class mail, send your certificate—without any endorsement, assignment, or other notation—to Kathy Hamnett, Princeton University, Box 5357, Princeton, NJ 08543-5357. Enclose a letter stating Annual Giving as the purpose of your gift.

Then, under separate cover, forward by first class mail a stock power (one for each separate security) endorsed in blank (your signature only, exactly as your name appears on the face of the certificate) along with a copy of the letter mailed with the certificate. Since the certificate becomes negotiable only when joined with the stock power, this method provides both safety and simplicity. Stock power forms are available on our website, from our office, or from any bank or brokerage firm.

For Securities Held by You—Alternate Method
By registered mail, send your certificate, signed on the appropriate line on the back of the certificate (exactly as your name appears on the front) to Kathy Hamnett, Princeton University, Box 5357, Princeton, NJ 08543-5357, along with a letter stating Annual Giving as the purpose of your gift.

More Information

Two Important Don’ts
- Do not instruct your banker or broker to sell the securities and forward the proceeds to Princeton. This transaction would represent a cash contribution, and you would be liable for the capital gains tax.
- Do not deliver your certificate to the issuing corporation or its transfer agent to be reissued in the name of Princeton University. The process can be lengthy, and the effective date of your gift will be the date on which the corporation issues the new certificate in Princeton’s name. In the interim, the stock may decline in value or the official gift date may not fall in the tax year you intended.

“Change”
If you have a certificate for a larger number of shares than you wish to donate, simply follow the earlier instructions under “Procedures” exactly as if you were giving the entire amount except:
- Indicate in your cover letter: “From this (500 share) certificate I wish to donate (100 shares) to Annual Giving. Please re-register the remaining shares in my name and return the certificate to me.”
- Include in your letter your social security number, as the transfer agent will require this information in order to issue your new certificate.

Acknowledgment
Princeton will promptly acknowledge receipt of all gifts of securities, stating the value at which Princeton has recorded your gift.

Long-term Capital Gains
Your gift to Annual Giving of appreciated securities entitles you to a charitable deduction for their full current market value if you have owned the stock for more than one year. Thus, if securities for which you paid $500 are now worth $10,000, you may deduct the full $10,000 without paying the capital gains tax on the appreciation as you would be required to pay if you sold them.

Short-term Capital Gains
The allowable deduction for a gift of securities you have owned for one year or less is the cost basis of the securities. However, no part of the appreciation is reported as taxable income. (By contrast, if you were to sell the securities, the appreciation would be taxed as ordinary income.)

Depreciated Securities
If you hold securities which are now worth less than your cost basis, it is to your advantage to sell them for your own account to establish a tax loss and then make your contribution to Annual Giving in cash.

Procedures

For Securities Held by Bank or Brokerage
Most gifts can be effected quickly and easily by electronic transfer, without the issuance of a certificate. Simply give your gift instructions by telephone to your banker or broker, then follow up with a confirming letter to that person, with a copy to Princeton (see address to the right) that includes the banker’s or broker’s telephone number. A sample instruction might read:

Per our recent telephone conversation, I wish to make an irrevocable gift to Princeton University Annual Giving of (100) shares of (XYZ) Corporation. Please transfer the stock to Princeton University via DTC as follows:

Attn: Robert Moses, UBS Financial
Trustees of Princeton University
Account #PT-57000-LM
DTC#0221

Please send a copy of this correspondence to the Office of Alumni and Donor Records:
Kathy Hamnett
Princeton University, PO Box 5357
Princeton, NJ 08543-5357
Or via fax to 609.258.6773

If you or your banker or broker has any questions about stock gifts, please contact Kathy Hamnett at 609.258.0160 or by email at: stock@princeton.edu

For Securities Held by You—Preferred Method
By ordinary first class mail, send your certificate—without any endorsement, assignment, or other notation—to Kathy Hamnett, Princeton University, Box 5357, Princeton, NJ 08543-5357. Enclose a letter stating Annual Giving as the purpose of your gift.

Then, under separate cover, forward by first class mail a stock power (one for each separate security) endorsed in blank (your signature only, exactly as your name appears on the face of the certificate) along with a copy of the letter mailed with the certificate. Since the certificate becomes negotiable only when joined with the stock power, this method provides both safety and simplicity. Stock power forms are available on our website, from our office, or from any bank or brokerage firm.

For Securities Held by You—Alternate Method
By registered mail, send your certificate, signed on the appropriate line on the back of the certificate (exactly as your name appears on the front) to Kathy Hamnett, Princeton University, Box 5357, Princeton, NJ 08543-5357, along with a letter stating Annual Giving as the purpose of your gift.

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