

Gifts of Securities

FINANCIAL

Marketable securities often comprise the majority of assets tracked with Financial Navigator. Effectively using all the capabilities in this area can be critical for your meaningful use of Financial Navigator.

This document consists of 6 parts:

- Working with Investment Accounts
- Complex Investment Transactions
- Gifts of Securities (this document)
- Bonds
- Foreign Investments
- Retirement Plans

NAVIGATOR

Non-Charitable Gifts of Securities

Gifts of securities to family members is a common estate management technique used by Financial Navigator clients.

Record a transaction for the following information:

Action:	Graduation gift of Berkshire Hathaway stock
Recipient:	Grateful (or even ungrateful) nephew
Value:	\$35,000 per share

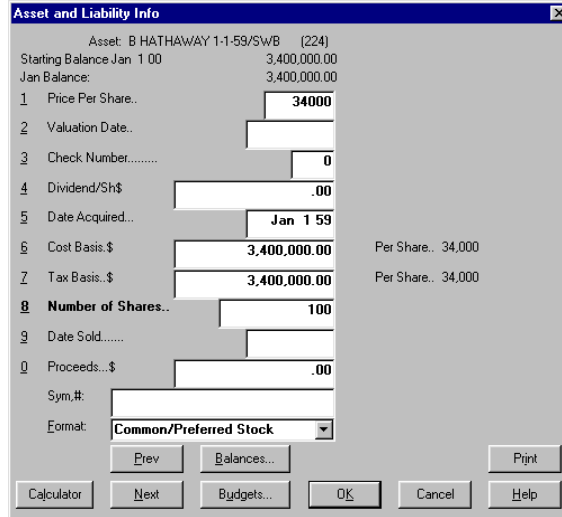
To record the gift:

1. In the Chart of Accounts, insert the following accounts in the appropriate categories:
 - Common Stocks category — **B HATHAWAY 1-1-59/SWB**
 - Other Income-Not Taxable category — **UNRECOGNIZED GAIN ON GIFTS**
 - Gift Expense category — **GIFTS MADE**
2. Enter **\$3,400,000** for the balance of the B HATHAWAY 1-1-59/SWB account.
3. Go to the Asset and Liability Info screen for the **B HATHAWAY 1-1-59/SWB** account. Enter the following information:

Price Per Share:	34,000
Date Acquired:	Jan 1 59

Cost Basis: 3,400,000
Tax Basis: 3,400,000
Number of Shares: 100

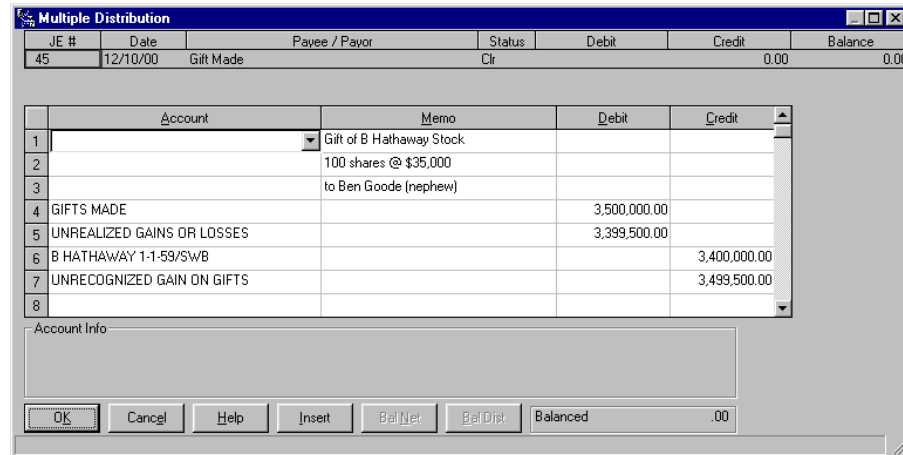
The screen appears as follows:



- Record the gift of security transaction in the GENERAL JOURNAL.

Note: You can also enter the transaction in a cash journal so that it appears on the Cash-Flow Report. The transaction has no effect on cash reports if it is entered in a general journal.

The completed transaction appears as follows:



- Return to the Asset and Liability Information screen for **B HATHAWAY 1-1-59/SWB**. Change the Cost and Tax Basis to **\$500**.

Asset and Liability Info

Asset: B HATHAWAY 1-1-59/SWB (224)

Starting Balance Jan 1 00 3,400,000.00
 Jan Balance: 3,400,000.00

1 Price Per Share.. 34000

2 Valuation Date..

3 Check Number..... 0

4 Dividend/Sh\$. .00

5 Date Acquired... Jan 1 59

6 Cost Basis.\$ 500.00 Per Share.. 5

7 Tax Basis.\$ 500.00 Per Share.. 5

8 Number of Shares.. 100

9 Date Sold.....

0 Proceeds...\$. .00

Sym.#:

Format: Common/Preferred Stock

Prev Balances... Print

Calendar Next Budgets... OK Cancel Help

Note: The amount charged to Gifts Made should be the asset's fair market value. The unrealized gains and losses are the account balance less the basis. In this example, the account has not been updated for the latest stock price. The unrecognized gain represents the market value at the date of the gift less the tax basis. This is a tax-free item and is not concerned with unrealized gains and losses.

- Go to Tax Code Changes for the B HATHAWAY 1-1-59/SWB account. Change the Tax Code to **No Tax Effect** to remove the stock from the Schedule D report.
- Review the **Transactions by Account** report for the B HATHAWAY 1-1-59/SWB account. The report appears as follows:

Print Preview

Page 1 of 1

Zoom: 75%

Layout... Print... Close Help

September 20, 2000

Dewey & Vera Goode
Transactions by Account
B HATHAWAY 1-1-59/SWB (224)
From: January 2000 To: December 2000

JE #	Date	Payee/Payor	Status	*	Deposit	Charge
Jan 1		Beginning Balance			3,400,000.00	
		GENERAL JOURNAL (116)				
Dr	Dec 10	Gift Made (144)	C	*		3,400,000.00
memo		Gift of B Hathaway Stock				
memo		100 shares @ \$35,000				
memo		to Ben Goode (nephew)				
Total Charges: 1 Items					<u>3,400,000.00</u>	
Dec 31 Ending Balance						<u>0.00</u>
Summary by Payee/Payor						
Gift Made (144)					<u>3,400,000.00</u>	
Total					<u>3,400,000.00</u>	

8. Review the **Transactions by Account** report for the GIFTS MADE account. The report appears as follows:

Print Preview

Page 1 of 1

Zoom: 75%

Layout... Print... Close Help

September 20, 2000

Dewey & Vera Goode
Transactions by Account
GIFTS MADE (226)
From: January 2000 To: December 2000

JE #	Date	Payee/Payor	Status	*	Deposit	Charge
Jan 1		Beginning Balance			0.00	
		GENERAL JOURNAL (116)				
45	Dec 10	Gift Made (144)	C	*	3,500,000.00	
memo		Gift of B Hathaway Stock				
memo		100 shares @ \$35,000				
memo		to Ben Goode (nephew)				
Total Increases: 1 Items					<u>3,500,000.00</u>	
Dec 31 Ending Balance						<u>3,500,000.00</u>
Summary by Payee/Payor						
Gift Made (144)					<u>3,500,000.00</u>	
Total					<u>3,500,000.00</u>	

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