

# Tax basis on Prudential stock giveaway

**Q: I received shares of Prudential stock a few years ago because I had converted a group policy to a personal policy. If I sell the shares now, do I have to pay tax on the full value, even though I still own the insurance policy? A.P., Santa Clara, Calif.**

**A:** Yes. That stock has nothing to do with your current policy. When Prudential went public in 2001, it granted stock shares to policyholders who were giving up voting rights in the company. Assuming you received your shares in that transaction, your cost basis is zero. So when you sell the Prudential stock shares, your full gain will be taxed as capital gain. Remember, long-term gains are now taxed at a maximum 15 percent rate.