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Nonprofits Vie For A Share - *Sale Of Manchester Bank Bringing Donations*

As stockholders of Savings Bank of Manchester prepare to sell their company at a huge profit, several charities and non-profits are angling to reap a piece of the windfall.

It's a rare opportunity for local groups that depend on the kindness of donors.

New Haven Savings Bank is expected to buy the parent of SBM next week, assuming SBM shareholders approve the $52-a-share deal. Because SBM went public at $10 a share just four years ago, and because its shares were offered to depositors, much of the capital gain - about $450 million - will fall to households in central Connecticut.

Those households are fortunate, but most will owe 20 percent of their gains to state and federal tax collectors. Enter the nonprofit groups, who are asking - politely and with subtlety - for some of those shares before next week's meeting.

It could work in everyone's favor.

The groups would benefit from a tax law that allows shareholders to avoid capital gains if they donate stock to a non-profit - but only if they make the gift before the vote on the merger, scheduled for Tuesday.

Donors could still deduct the full $52 a share from their taxable income. Shareholders who donate after the vote can still take a deduction, of course, but they'd have to pay the capital gains tax.

And so, spurred by a West Hartford accountant who specializes in non-profit clients, the groups are urging would-be donors to consider the deadline.

But this isn't a hard sell. The groups are targeting people who are likely to give anyway, and they have mailed notices to their own lists - not to shareholders of the bank.

The University of Connecticut Foundation, which had never before put out such a general call during a merger, has so far received three donations of the bank stock, including one for $25,000, a foundation spokesman said earlier this week.

Adam Cohen, the accountant who advised some of the groups, said this type of solicitation is not common for non-profits around the country, despite a wave of mutual banks and insurance companies converting to stock ownership.

"What they're trying to do is inform shareholders of the implications and the opportunity for them to fulfill their charitable intent," said Cohen, whose fees were not based on how much the clients raised. "The interesting thing about this is it's really non-coercive."

Cohen said he has heard of a few significant donations so far, and naturally stockholders may wait until the last minute.

In recent years Cohen has helped clients -and nonprofit groups that are not clients - tap into donations in the Aetna Inc. sale of its retirement and international business to ING Group, and the proposed reincorporation of The Stanley Works. Some Stanley stockholders donated shares in anticipation of a capital gain, but in the end, the reincorporation did not happen.