Name: **Date:**

Zakat & Giving 101

what you owe, what's optional, and how they're different · Aydin Ali

Handout 5 covered how I decide what to invest in. This one, the last in the series, covers what happens after money grows — because in this framework, wealth was never meant to just sit there.

> **I'm not a scholar.** This is the standard, widely-taught framework, not a personalized ruling — for your own exact numbers, especially anything involving business assets or investments, ask someone qualified.

QUICK VOCABULARY

Zakat — obligatory annual charity, one of the Five Pillars of Islam.

Nisab — the minimum wealth threshold before zakat is owed at all.

Hawl — the one full lunar year your wealth needs to stay at or above nisab.

Sadaqah — voluntary charity. No minimum, no formula, no fixed recipients.

THE CALCULATION

2.5%, above a threshold, held for a year

Zakat is **2.5%** of your qualifying wealth, once that wealth has stayed at or above the nisab threshold for a full lunar year (the hawl). Nisab itself is defined in gold or silver — commonly about 87.48 grams of gold, or 612.36 grams of silver. Many scholars recommend using the silver standard specifically because it's the lower dollar amount, which means more people's giving actually counts — it makes more wealth zakatable, not less.

> The gram amount above doesn't change. Its **dollar value does**, every single day, because it's priced off the current gold or silver market. Check the current price yourself, or ask your mosque — they usually post it. Don't trust a fixed dollar figure printed in a handout; it will be wrong by the time you read this.

WHAT COUNTS

Zakatable vs. not

Generally zakatable	Generally not
Cash on hand and in bank accounts	Your primary home
Gold and silver you own	Your personal car
Business inventory and trade goods	Personal-use items (clothes, furniture)
Investments held for growth (method varies — see below)	Debts owed to you that you don't expect to collect

Stocks and investments are the genuinely complicated row. The percentage of a holding's value that counts depends on the calculation method a scholar recommends — ask for the specific approach rather than assuming a flat rule applies.

ESTIMATE YOUR OWN ZAKAT

Cash & bank balances: $____________

Gold / silver value: $____________

Investments (× zakatable %, ask a scholar for the rate): $____________

Business assets, if any: $____________

Minus short-term debts you owe: −$____________

Net zakatable wealth: $____________

Above this year's nisab (check the current gold/silver price)? Yes ☐ No ☐

If yes: × 2.5% = Zakat owed: $____________

THREE SEPARATE POOLS

Zakat, sadaqah, and purification aren't the same thing

Zakat is obligatory, fixed at 2.5%, and traditionally goes to specific eligible categories of recipients (the poor and needy among them). **Sadaqah** is fully voluntary — no minimum, no formula, and it can go to more people and causes than zakat's categories allow. **Purification**, from Handout 5, isn't charity in the zakat sense at all — it's giving away dividend income you don't consider rightfully "clean" to begin with. Three different pools of money, three different rules. Don't let one substitute for another.

QUESTIONS I ACTUALLY GET ASKED

FAQ

Do I owe zakat on stocks I own?

Generally yes, but the method for calculating how much of the stock's value counts varies by scholar. Ask someone qualified for the specific approach they recommend.

What if my wealth goes above and below nisab during the year?

The hawl generally needs continuous wealth at or above nisab. If yours fluctuates a lot, ask a scholar about how that applies to your situation specifically.

Can zakat go to a family member?

Generally not to people you're already financially responsible for, like your own kids or parents — but rules vary for extended family. Ask a scholar for your specific case.

Is zakat just donating to any charity?

No — it has specific eligible recipient categories. General charity (sadaqah) can go anywhere good; zakat is narrower by design.

QUICK RECAP

☐ Zakat is 2.5% of qualifying wealth held above nisab for a full lunar year.

☐ Nisab is priced in gold or silver, so its dollar value changes — check the current price.

☐ Zakat, sadaqah, and dividend purification are three separate pools, not one.

☐ Your home, car, and personal items generally aren't zakatable.

☐ Ask a scholar for the exact method on anything involving stocks or business assets.

TRY THIS BEFORE NEXT SESSION

Before this time next year, actually estimate your own zakat using the worksheet on this page instead of guessing at the end.

Not a fatwa. I'm not an Islamic scholar and this isn't a religious ruling — it's the widely-taught general framework, not a personalized calculation. For your exact numbers, ask someone qualified. This closes the six-handout series. — aeacapitalresearch.com