

GIFTS OF APPRECIATED SECURITIES

A gift of appreciated securities is one of the most tax effective ways to give. Eligible securities include publicly listed stocks, bonds, mutual fund units or exchange traded funds on approved stock exchanges in Canada and internationally. There is beneficial tax treatment of these gifts because they are exempt from capital gains tax.

HERE'S HOW IT WORKS

- You make a gift of eligible securities directly to a community foundation.
- You receive a charitable donation receipt for the fair market value of the securities.
- Your gift is exempt from any capital gains tax of the appreciated securities.
- The community foundation will sell the securities and deposit the net proceeds into your fund or any of our charitable funds supporting the community.

Here is an example of potential tax advantages of donating the securities vs. selling the securities and donating the proceeds:

	Sell securities / Donate cash	Donate securities
Fair market value donation receipt	\$10,000	\$10,000
Adjusted cost base	\$5,000	\$5,000
Capital gain	\$5,000	\$5,000
Taxable capital gain (50% of \$5,000)	\$2,500	\$2,500
Tax on gain (@45%*)	\$1,125	\$0
Charitable tax credit (@45%*)	\$4,500	\$4,500
Net cost of donation	\$6,625	\$5,500

* Assumes a 45% combined federal/provincial rate. Rates vary by province.

** Net cost equals \$10,000 less charitable tax credit plus capital gains tax.

These are general figures for the purposes of illustration. They do not constitute legal or financial advice. We recommend you seek appropriate professional advice before deciding on your charitable gifts.

OTHER OPTIONS FOR MAKING GIFTS OF SECURITIES INCLUDE:

- Employee stock options: Transferring shares to a charity, once your stock options are exercised, provides exemption from capital gains tax and you receive a donation receipt for the fair market value of the securities.
- Gifts of life insurance: If you have given a life insurance policy to a registered charity, consider making a gift of appreciated securities to fund the annual premium payments.
- Gifts by will: If you have left a charitable gift through your will, consider including language that allows your executor or trustee to fund the gift with a donation of appreciated securities to take advantage of the tax benefits it may offer.

For more info, see this [Gifts and Income Tax brochure](#) from the Government of Canada.