



OUTRIGHT GIFTS

The simplest way to give is through an outright gift of cash by electronic transfer or cheque. Your gift goes to work immediately, meeting current needs, and you receive a donation receipt for the full amount—resulting in immediate tax savings.

Other examples of outright gifts include:

- Treasury bills
- Bonds
- GICs
- Mutual/Segregated funds
- Real estate
- Private shares
- Tangible personal property

Appreciated Listed Securities

- The Income Tax Act presently makes it more advantageous to donate appreciated listed securities—such as stocks, segregated funds, bonds, warrants, and futures traded on approved stock exchanges—that have increased in value since you acquired them. (Please note that segregated funds can name beneficiaries, bypass probate, remain private, and often carry guarantees.)

Why?

- Normally, 50% of a capital gain is included in taxable income.
- Current laws state that none (0%) of the capital gain is reported as income when donating appreciated listed securities.
- This means you may be financially better off donating listed securities rather than selling them and donating the cash equivalent.

Example:

George purchased stock for \$10,000, that is now worth \$50,000. Here is a comparison of the two approaches, assuming a combined federal and Alberta tax rate of 48%.

	Sell stock & donate cash	Donate the stock directly
Value of stock at time of donation	\$50,000	\$50,000
Original Cost of Securities	\$10,000	\$10,000
Capital Gain on Stocks	\$40,000	\$40,000
Taxable Capital Gain	\$20,000	\$0
Tax owed on Capital Gain	\$9,600 (\$20,000x48%)	\$0
Tax credit	\$25,000	\$25,000
Net Impact	\$15,400 (\$25000-9600)	\$25,000 (\$25,000-0)
Cost of Gift	\$34,600	\$25,000

Key Takeaway: The charity receives \$50,000 in both cases. By donating stock in kind instead of selling them first, the donor receives increased tax savings of \$9,600.

Benefits

- Your gift goes to work immediately, bypass probate, and your tax savings are immediate.
- Donating appreciated listed securities can be highly advantageous from a tax perspective.

For further information, contact:

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