

Making a Gift of Securities



vancouver
foundation

Securities as a Charitable Gift Option

In 2006 the Federal government eliminated the taxation of capital gains on the donation to a charity of appreciated securities that are publicly listed. Donors can benefit tremendously from this added incentive to reduce the real cost of their charitable giving or increase the amount of their gifts without increasing the cost.

The donation is generally transacted by a simple electronic transfer of shares to the charity by the donor's professional advisor but can include gifts of paper share certificates if applicable. If paper share certificates are to be donated, please contact us first to arrange for receipt.

Vancouver Foundation will require a completed *Authorization and Direction Form* signed by the donor certifying they are the registered owner of the shares. This document will also be used to inform Vancouver Foundation's professional advisor, BMO Nesbitt Burns, of the imminent transfer.

Gift Examples

- Shares listed on a designated stock exchange*
- Shares of a mutual fund corporation
- Units of a mutual fund trust
- Prescribed debt obligations such as government savings bonds

*Toronto Stock Exchange, Montreal Stock Exchange, Tiers 1 and 2 of the TSX Venture Exchange, NYSE, NASDAQ. (Please contact us to determine if we can accept stock shares from other foreign stock exchanges.)

Donor Benefits

There are several key benefits to making a gift with securities. Donors receive an immediate donation receipt for the fair market value of the security, generally determined as the last quoted trading price on the day the gift is received by the charity. In addition, donors receive favourable reductions in capital gains taxation. As well, gifts can be given during a donor's lifetime or after, through their estate.

Here's an example of how it works:

Let's say you purchased common shares in ABC Company for a cost of \$1,000. If the current market value of those shares has increased to \$10,000, you would have a capital gain of \$9,000.

If you **sell those appreciated shares and donate the cash proceeds to Vancouver Foundation**, you'll owe tax on 50% of the capital gain.

But when you **donate and transfer the shares directly to Vancouver Foundation**, you owe no capital gains tax and you're able to receive a charitable tax receipt for the full value.

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Here are some approximate figures to illustrate the benefits:

	Sell securities and donate the cash proceeds to Vancouver Foundation	Donate securities directly to Vancouver Foundation	
Original cost of securities	\$1,000	\$1,000	
Current market value of securities	\$10,000	\$10,000	
Capital gain	\$9,000	\$9,000	
Tax on capital gain	\$1,980 ¹	\$0	No capital
Donation amount after tax	\$8,020 ²	\$10,000	Charity gets
Charitable tax credit ³	\$3,457	\$4,323	You get more

¹This assumes a 44% marginal tax rate. For calculating capital gain tax, this rate is applied to 50% of the capital gain.

²\$8,020 represents the full value of \$10,000 donation minus estimated capital gain tax of \$1,980.

³Charitable donation tax credits in BC for 2015 on donation amount after tax.

Note: These are general figures for the purpose of illustration and do not constitute legal or financial advice. We encourage you to seek professional legal and/or financial advice before deciding on your donation to charity.

By donating shares directly instead of selling and donating the cash proceeds, you can save on taxes overall while donating the same value amount to charity.

Further Information

For further information, call Donor Services at 604.688.2204 or email info@vancouverfoundation.ca. We're here to help you build a legacy that will create positive and lasting impacts in our communities.