

Gifts of Appreciated Securities

There is a great incentive for Canadians to donate publicly traded securities (shares or mutual funds) directly to charities which is still largely unknown to many donors. The payment of capital gains tax is eliminated on this type of direct gift, while still receiving a full charitable tax receipt for your gift.

This enhancement creates an excellent gifting mechanism that can multiply the benefits to you and to your favourite charity. It is particularly useful at a time when shares have appreciated in value significantly.

GIFTS LIKE THESE ALLOW YOU TO:

- Realize significant profits from the appreciated securities you wish to donate.
- Pay no capital gains tax on the gains realized.
- Make a generous gift to charity.
- Make use of the excess tax credit generated from this gift to reduce other tax liability.

The sum of the parts is GREATER than the individual parts.

The following chart illustrates the benefit of gifting \$50,000 of appreciated securities versus selling the security and giving the proceeds from the transaction.

	Sell the shares and donate the cash	Donate the shares directly to charity
Purchase price	\$10,000	\$10,000
Current value	\$50,000	\$50,000
Capital gain	\$40,000	\$40,000
Taxable Capital Gain @ 50%	\$20,000	\$0
Net tax payable @ 45%	\$ 9,000	\$0
Tax Credit @45% of donation*	\$22,500	\$22,500
Value of remaining Tax Credit - used to pay other tax liabilities	\$13,500	\$22,500
Benefit to charity	\$50,000	\$50,000
Sum of Benefit	\$63,500	\$72,500

**Tax rates vary from province to province*



Gifts of Appreciated Securities...continued

SOME RULES

TO QUALIFY FOR THIS SPECIAL TAX TREATMENT, THE GIFT MUST:

1. Be publicly traded securities which include:
 - Stocks or shares listed on an approved stock exchange
 - Units or shares in a Mutual Fund
 - Units of a segregated fund trust from an insurance policy
2. Have appreciated in value
3. Be donated in kind to a charity or public foundation
 - They must not be sold by the donor
 - Ownership must be transferred directly to charity or public foundation

HOW CSS CAN HELP YOU

- We are pleased to assist donors by offering a convenient facility for donors to take advantage of this kind of gifting. CSS can receive your Appreciated Securities gift and look after all the details.
- We will provide the necessary forms and information to handle the transaction, and you send the forms to your own broker.
- We will arrange to sell the securities.
- CSS will issue a donation receipt for the fair market value of the shares when received.
- CSS will follow your instructions on distributions to the charities you wish to support - as many charities as you wish.
- CSS can give anonymously on your behalf, if you wish.
- CSS provides flexibility in distributing the proceeds - either immediately to multiple charities or holding them for you in a Donor Advised Fund, until you are ready to donate all the gifts.

Contact CSS

Call your CSS Stewardship Consultant or Jill Jones at 1.800.267.8890 ext. 200 for information on how we can assist by helping you and your favourite charities benefit from a gift of appreciated securities.

What Does the Service Cost?

There is no cost to the donor and CSS uses a discount brokerage to minimize the cost of selling the shares. CSS distributes the gifts to partners at no charge, and with a small fee of 2% to associate partner schools and 3% to non-partners.

*This bulletin is not intended to provide tax advice.

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