



## How a gift of securities benefits you and RCH Foundation

Mrs. Allison wants to make a \$20,000 donation to RCH Foundation while she’s still living. Among her assets are shares of a publicly traded company valued at \$20,000. She wants to know if it’s better to sell the shares and give cash, or to give the shares “as is”.

This chart shows the outcome of both scenarios:

|   | <b>SELL SECURITIES<br/>and DONATE \$</b> | <b>JUST DONATE<br/>THE SHARES</b> |
|---|--|-----------------------------------|
| FAIR MARKET VALUE OF SECURITIES (FMV)                           | \$20,000                                 | \$20,000                          |
| INITIAL COST OF SECURITIES                                      | \$4,000                                  | \$4,000                           |
| CAPITAL GAIN/PROFIT (FMV LESS COST)                             | \$16,000                                 | \$16,000                          |
| TAXABLE GAIN (50% of the profit)                                | \$8,000                                  | ZERO                              |
| TAX PAYABLE ON GAIN (AT 43.7%)                                  | \$3,496                                  | ZERO                              |
| TAX CREDIT  | \$8,740                                  | \$8,740                           |
| <b>NET TAX SAVINGS</b><br>(TAX CREDIT LESS TAX PAYABLE ON GAIN) | \$5,244                                  | \$8,740                           |

Whether your gift is more or less than \$20,000, the math is proportionately the same; the only variable is your tax bracket. We used the highest B.C. tax rate in the example, which is 43.7 per cent.

For more information, please contact:

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