

Giving a Gift of Securities

In the following scenario, we illustrate the benefits of giving a gift of securities over selling the shares and donating the proceeds.

Pat wants to make a \$50,000 donation to Royal Columbian Hospital Foundation. Among her assets are shares of a publicly traded company valued at \$50,000. Pat initially paid \$10,000 for them. Pat wants to know if it's better to sell the shares and give cash, or to transfer the shares to the Foundation. We've outlined both scenarios below.

	SELL SHARES and DONATE \$	JUST DONATE THE SHARES
FAIR MARKET VALUE OF SHARES (FMV)	\$50,000	\$50,000
INITIAL COST OF SHARES	\$10,000	\$10,000
CAPITAL GAIN/PROFIT (FMV LESS COST)	\$40,000	\$40,000
TAXABLE GAIN (50% OF PROFIT)	\$20,000	ZERO
TAX PAYABLE ON GAIN (BASED ON AN AVERAGE 45% TAX RATE)	\$9,000	ZERO
DONATION TAX CREDIT (29% FEDERAL AND 14.7% BC = 43.7%)	\$21,850	\$21,850
NET TAX SAVINGS (TAX CREDIT LESS TAX PAYABLE ON GAIN)	\$12,850	\$21,850

If Pat donates the shares instead of selling them and donating the cash, she pays no tax on the capital gain, saving herself \$9,000.

A gift of securities could be an excellent way to make your gift to Royal Columbian Hospital Foundation. For more information, please contact:

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