



## Gift of Publicly-Listed Securities

### Why is this better than donating cash?

The reason why gifts of appreciated publicly-listed securities are an attractive way to make a donation is because they are subject to generous tax incentives in Canada. However, to benefit from this advantage, the actual securities must be donated to Knowledge Network rather than selling them first, and then donating the cash (also referred to as donating securities 'whole' or 'in kind').

If you own publicly-listed securities that have increased in value since you purchased them, this added value is called 'capital gain' and if you cash them in, you have to pay income tax on 50% of this gain. However, if you donate them whole to Knowledge Network, you don't pay any tax on the capital gain.

### What are eligible securities?

Stocks, bonds, and mutual fund shares and units listed on major exchanges or have regularly published values. The key factor is they must be listed through a public market and the value can be easily defined.

### Can you provide an example showing the benefit of donating this way?

Jenny has publicly-listed securities with a fair market value of \$10,000. She bought them a few years ago for \$4,000, so the increase in value (or capital gain) is \$6,000. She can choose to cash in the securities and donate the money, or transfer the securities to Knowledge Network. Jenny's income tax rate is 45%. The following chart shows how this choice will affect her tax savings when she files her income tax return.

Donating Securities worth \$10,000		Cashing In Securities worth \$10,000 and Donating Cash	
Because Jenny transferred the securities, she does not have to pay tax on the \$6,000 capital gain.		Because Jenny cashed in her securities she has to pay income tax on 50% or \$3,000 of the \$6,000 capital gain.	
Donation Receipt	\$ 10,000	Donation Receipt	\$ 10,000
Income Tax Savings from receipt	<u>\$ 4,500</u>	Income Tax Savings from receipt	<u>\$ 4,500</u>
	\$ 5,500		\$ 5,500
Capital gain on securities	\$ 6,000	Capital gain on securities	\$ 6,000
The amount of gain included in income	0	The amount of gain included in income	\$ 3,000
Tax Bill on this gain	0	Tax Bill on this gain	\$ 1,350
So, Jenny saves \$1,350 in income tax by donating the securities rather than cashing them in first. <i>Just imagine what her savings would have been if the gift had been \$100,000 or more!</i>			



## Knowledge: Partners

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**Knowledge.ca**

### How do I arrange for my publicly-listed securities to be donated to Knowledge Network?

We will work with you and your advisors to ensure a smooth transfer. Please follow the step-by-step directions on our Gifts of Securities Donation Form (below) and send a copy to your broker and us. We will look after the rest.

You will receive a donation receipt for the fair market value of the securities on the date of transfer to our account (value is based on the average between the high and low price on that day). Most transfers are done electronically or by signing the share certificate.

### Where will my gift go?

When you make a gift of publicly-listed securities, you can choose where your gift goes, either into the Knowledge Endowment to support future programming, or to the annual programming fund, or you can choose to split the gift between both.

### If I have more questions, who can I contact?

We are happy to help in any way we can. Please contact Donna Robinson directly with any of your questions – or if you prefer, have your professional advisor do so – she is more than willing to help you and will keep all your conversations and information confidential.



#### **Donna Robinson**

Development Officer

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**Greater Vancouver:** **604.431.3136**

**Toll Free:** **1.877.456.6988**

This document does not constitute legal or financial advice.

We recommend that before making a decision on a significant gift to Knowledge, you seek independent professional advice to ensure your gift is structured in accordance with your personal circumstance and that the related tax implications have been thoroughly considered.

Your advisor may request the following information:

- Our Legal Name: Knowledge Network Corporation
- Our Charitable Registration Number: 12153 2816 RR0001
- Our Address: 4355 Mathissi Place, Burnaby, B.C. Canada V5G 4S8

**Thank you for considering creating a legacy at Knowledge.**

