

OFFERING & PLANNED GIVING

OUTRIGHT GIFTS

The simplest way to give is an outright gift of cash by way of electronic transfer or cheque. Your gift goes to work immediately meeting current needs and results in a donation receipt for the full amount resulting in immediate tax savings. Other examples of outright gifts include treasury bills, bonds, GICs, mutual funds, real estate, private shares and tangible personal property.

Amendments to the Income Tax Act tend to make it more advantageous to give appreciated listed securities, that is, stocks, bonds, warranties, and futures traded on approved stock exchanges, which have increased in value since the time you acquired them.

While the general rule is that 50% of a capital gain is included in taxable income, current laws state that none (0%) of the capital gain is reported as income in the case of a donation of appreciated listed securities. Therefore a donor may be better off to donate listed securities than to sell the security and make an equivalent cash donation.

Example:

George has stock purchased for \$10,000 that is worth \$50,000. Assume George's taxation rate is 50% (combined federal and Province of Alberta rate).

Option 1 - Sell the Stock

Capital gain (\$50,000 - \$10,000)	\$40,000
Taxable capital gains (\$40,000 x 0.50)	\$20,000
Tax on taxable capital gain (\$20,000 x 39%)	\$7,800
Tax credit (\$50,000 x 50%)	\$25,000
Cost of gift (\$50,000 - (\$25,000-7,800))	\$32,800

Option 2 - Donate the Stock

Capital gain (\$50,000 - \$10,000)	\$40,000
Taxable capital gains (\$40,000 x 0%)	\$0
Tax on taxable capital gain (\$10,000 x 0%)	\$0
Tax credit (\$50,000 x 50%)	\$25,000
Cost of gift (\$50,000 - \$25,000)	\$25,000

If George sells the stock and donates \$50,000 cash it will cost him \$32,800, while if George donates the stock valued at \$50,000 it will cost him only \$25,000, resulting in a savings of \$7,800. This is because George saves \$7,800 due to the lower tax rate applied to donations of listed securities.

Benefits

- Your gift goes to work immediately and your tax savings are immediate.
- Gifting of appreciated listed securities may be favourable from a tax perspective.

For further information, contact:

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Please note that CrossRoads' legal name is **CrossRoads Evangelical Missionary Church Fellowship**. The church's charitable number is: BN869198200 RR0001.

The information in this sheet does not constitute legal or financial advice. CrossRoads encourages you to consult with your professional legal, estate planning or financial advisor before deciding on a course of action.