

Advantages of Donating Publicly Listed Securities

Making your gift to The Foundation with listed securities can result in significant tax savings, making it possible for you to make a larger gift than you thought possible. Here's how:

How it Works

Listed securities are not subject to capital gains tax when they are donated directly to a registered charity (including The Foundation) without being sold first. The donor receives a tax receipt for the fair market value of the security when the security is received by The Foundation. Transfers can be made at any time, including via the donor's Will. In addition, the registered charity pays no tax on the sale of the securities. This makes them an especially tax-efficient gift, particularly if you own securities which have greatly increased in value since purchase (referred to as "appreciated securities").

What is a "listed security"?

- Shares, debt obligations and rights (for example, stock options) listed on a designated stock exchange
- Shares of the capital stock of a Canadian public mutual fund corporation
- Units of widely held Canadian mutual fund trusts
- Interests in segregated fund trusts
- Prescribed debt obligations (for example, government savings bonds)

How can listed securities be donated to The Foundation?

Securities may be transferred to The Foundation in either of the following ways:

- You may transfer the securities from your brokerage account to The Winnipeg Foundation's account.
- You may deliver endorsed certificates to The Winnipeg Foundation. In this case, the gift is complete the day the certificate is delivered, so that the amount of the donation receipt is based on the fair market value of the security that day.

Please contact us at securities@wpgfdn.org or have your broker contact us to provide additional information and assistance.

Example of donation of listed securities in-kind

The following illustrates the additional tax savings that donors realize when making gifts of appreciated listed securities in-kind rather than selling them first, or donating the cash equivalent.

| | DONATE CASH | DONATE SECURITIES |
|---|--------------------|--------------------------|
| Current Market Value | \$10,000 | \$10,000 |
| Original cost of securities | n/a | \$2,000 |
| Capital Gain (proceeds less cost) | n/a | \$8,000 |
| Tax on Capital Gain | n/a | \$0 |
| Donation amount | \$10,000 | \$10,000 |
| Capital Gain Tax Saving* (at 23%) | n/a | \$1,840 |
| Charitable Donation Tax Credit (at 46%) | \$4,600 | \$4,600 |
| Total Tax Savings* | \$4,600 | \$6,440 |
| Net Cost of a \$10,000 Gift | \$5,400 | \$3,560 |

** This example illustrates approximate amounts only, and is based on a taxpayer resident in Manitoba, subject to tax at the top marginal rate, applicable to income under \$200,000, and the current tax rates. The actual tax credit will vary depending on your taxable income and your province of residence. Tax rates are subject to change. Capital gain tax saving is equivalent to the tax payable on the capital gain that would otherwise have been payable had the securities been liquidated by the donor. A higher marginal tax rate applies to income exceeding \$200,000, and the federal tax credit has been increased to fully offset federal tax to the extent gifts are made from income over \$200,000.*

If you donate the cash equivalent of the fair market value of the securities, but you have appreciated securities in your portfolio, you miss out on some potential tax savings when compared with donating the securities directly (or “in-kind”).

When you donate the securities directly, the tax on the capital gains is waived. The Foundation receives a donation equal to the fair market value of the securities, and you receive a tax receipt for the same amount. You are not subject to any tax on the capital gains, nor is The Foundation subject to capital gains on the sale. Note that the same result is not achieved if you sell the securities first, even if you immediately donate the proceeds, as you would be required to pay tax on any capital gains.

The amount of any capital gain, and the amount of the available tax credit will vary depending on the particular facts of your investment and the province in which you reside. Tax rates are subject to change. If you are planning a donation, we recommend that you consult your professional advisors. We would be delighted to work with you and your advisors in relation a gift of publicly listed securities.

For more information about making a charitable gift of Publicly Listed Securities, please contact us at:

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NOTE TO READER: The purpose of this publication is to provide general information, not to render legal advice. The Winnipeg Foundation does not provide tax or legal advice. We encourage you to consult with your professional advisors when planning your gift.

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