

# CARING FOR TOMORROW

# SECURITIES GIFTS



For Canadians, the sale of appreciated securities can result in significant capital gains taxation. Gifting these to charity can provide significant tax relief. Listed securities include stocks, bonds, ETF's, mutual funds and certain income trust units which are publicly traded through an exchange. Donors are able to give such gifts during their lifetime and afterward – through their Estate, depending on circumstances and wishes.

The de-mutualization of some of Canada's life insurance companies like Clarica, Sun Life Assurance Company, Manufacturers Life and Canada Life presents a unique opportunity for shareholders to make a special gift. The Foundation has been the recipient of a growing number of these types of gifts.

## FEATURES OF GIFTS OF PUBLICLY TRADED SECURITIES:

- | Donation receipt for fair market value of the asset
- | Donate up to 75% of annual income – with 5 year carry forward beyond
- | Irrevocable gift with more tax savings than cash gifts
- | 100% elimination of capital gains taxation!
- | Hospital Foundation pays no tax on sale of the asset

Gifting securities is simple. Meet with your financial advisor to select the appropriate security to transfer, contact us at the Foundation and the transfer can be done electronically. Once the shares are received by the Foundation, a receipt will be issued for the market value on the day the shares are received in our account. It is the practice of the Foundation to redeem shares immediately upon receipt.



**Example:**

Lynn Williams decides to make a \$50,000 donation to the Foundation's capital campaign. Her income for 2024 is \$75,000. Many years ago, she purchased shares in Publico (a publicly traded company) for \$2,500 which are now worth \$50,000. Lynn and her accountant are evaluating two alternatives: to sell the shares and make a cash gift to the campaign, OR to gift her Publico shares in kind.

**Gift Cash vs Securities**

	Sell Shares, Donate Cash	Donate Shares in Kind
Regular income for year 2024	\$75,000	\$75,000
Taxable capital gain at 50% (sale) or 0% (donation)	<u>23,750</u>	<u>0</u>
Total 2024 income	\$98,750	\$75,000
<b>2024 Income Tax</b>		
Income tax payable on regular income	\$12,900	\$12,900
Capital gains tax on sale of shares at 48%	11,400	0
Donation tax credit at 46%	<u>(23,000)</u>	<u>(23,000)</u>
<b>Income tax liability (excess credit)</b>	<b>\$1,300</b>	<b>(\$10,100)</b>

**Donating the shares in-kind will save \$11,400 in income tax for Lynn!**

**ABOUT BRIGHTSHORES MARKDALE HOSPITAL FOUNDATION:**

Markdale Hospital Foundation raises funds to support health care in our community. Our priority is the purchase of essential medical equipment at Brightshores Health System Markdale Hospital.

The Foundation is governed by a local, volunteer Board of Directors. Our community proudly celebrates the completion of its new hospital, but the need for new and updated medical equipment is ongoing as services expand and technology advances at a rapid pace.

While the Province funds hospital operations, very little funding is provided for new and replacement equipment. Community support is essential to keep our hospital well equipped, so that residents and visitors continue to receive expert, compassionate care close to home.

**PLEASE CONTACT:**

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*This information provides a brief overview on planning a gift to Brightshores Markdale Hospital Foundation. It is general in nature and subject to change according to individual circumstances. Always consult your own professional advisors for detailed information tailored to your circumstances and to confirm applicable tax benefits.*