

Gifts of Appreciated Securities

The 2006 Federal budget enhanced the incentives for Canadians to donate publicly traded securities [shares or mutual funds] directly to charities by eliminating the payment of capital gains tax on such direct gifts.

This enhancement creates an excellent gifting mechanism that may multiply the benefits to you and to your favourite charity.

THE NEW RULES ALLOW YOU TO:

- > realize significant profits from the appreciated securities you wish to donate
- > pay no income tax on the gains realized
- > make a generous gift to charity
- > make use of the excess tax credit generated from this gift to reduce other tax liability

The sum of the parts is GREATER than the individual parts.

The following chart illustrates the benefit of gifting \$50,000 of appreciated securities versus selling the security and giving the proceeds from the transaction.

	Sell the shares and donate the cash	Donate the shares directly to charity
Purchase price	\$10,000	\$10,000
Current value	\$50,000	\$50,000
Capital Gain	\$40,000	\$40,000
Taxable Capital Gain @ 50%	\$20,000	\$0
Net Tax Payable @ 45%	\$9,000	\$0
Tax Credit @ 45% of donation*	\$22,500	\$22,500
Value of remaining Tax Credit-used to pay other tax liabilities	\$13,500	\$22,500
Benefit to charity	\$50,000	\$50,000
Sum of Benefit	\$63,500	\$72,500

* Tax rates vary from province to province

Gifts of Appreciated Securities *...continued*

SOME RULES

TO QUALIFY FOR THIS SPECIAL TAX TREATMENT, THE SECURITIES MUST:

1. Be publicly traded securities which include:
 - > Stocks or shares listed on an approved stock exchange
 - > Units or shares in a Mutual Fund
 - > Units of a segregated fund trust from an insurance policy
2. Have appreciated in value
3. Be donated in kind to a charity or public foundation
 - > Not sold by donor
 - > Ownership transferred directly to charity or public foundation

Connecting Donors, Charities & Ministries

Christian Stewardship Services exists to support the work of its partners and donors. We are pleased to assist donors by offering a convenient facility for donors to take advantage of these new rules. CSS can receive your Appreciated Securities Gift and look after all the details.

- > We will provide the necessary forms and information to handle the transaction.
- > We will arrange to sell the securities.
- > CSS will issue a donation receipt for the fair market value of the shares when received.
- > CSS will follow your instructions on distributions to the charities you wish to support – as many charities as you wish.
- > CSS can give anonymously on the your behalf
- > CSS provides flexibility in distributing the proceeds – either immediately to charity or holding them for you in an Endowment or Donor Assisted Fund.

Contact CSS

Call your CSS Rep or Head Office for information on how we can assist by helping you and your favourite charities benefit from this new development.

What Does this Service Cost?

There is no cost to the donor and CSS uses discount brokerage firms to minimize the cost of selling the shares. CSS distributes gifts to partners at no charge.

** This bulletin is not intended to provide tax advice.*

Revised June 2006

