

## Making a Gift of Appreciated Securities to SickKids Foundation

Many individuals are turning their investments into gifts for charity. The Federal Budget of May 2006 created a new incentive for gifting marketable securities to public charities by eliminating capital gains tax on such gifts.

When individuals sell an appreciated stock, mutual fund or flow through shares, they are required to pay tax on 50 percent of the capital gain. However, if they donate the securities to charity, they pay no capital gains tax. This makes appreciated stock one of the most cost effective ways to donate to SickKids.

The following example illustrates the benefit of gifting stock to make a charitable contribution versus selling the stock and donating the cash to charity:



	Sell shares and gift cash to charity	Gift shares to charity
Proceeds of disposition (a)	\$100,000	\$100,000
Adjusted cost base (b)	\$20,000	\$20,000
Capital gains (c) <small>c = a - b</small>	\$80,000	\$80,000
Tax on capital gains (d) <small>d = (c X 50%) X 46%*</small>	\$18,400	\$0
Donation tax credit (e) <small>e = a X 46%*</small>	\$46,000	\$46,000
Net tax savings from donation <small>e - d</small>	\$27,600	\$64,400

\*assumes gift made in Ontario at a marginal tax rate of 46%

### Benefits of making a Gift of Securities to Charity:

- A donation tax receipt will be issued for the fair market value of the securities
- No capital gains tax owing if gifted to a public charity (e.g. SickKids Foundation)
- Satisfaction of seeing your donation put to good use today
- An 'un-needed' asset is removed from your portfolio and converted to a charitable gift
- Opportunity to create a lasting charitable legacy