

# SHARES, SECURITIES & MUTUAL FUNDS

*Significant capital gains savings for you and*

**EVEN GREATER GAINS FOR THE FUTURE OF WDMH**



***Publicly traded securities, such as stocks, income trust units, bonds, mutual fund units, flow-through shares, and small business shares offer you an advantage in making a major reduction to your taxable income.***

## ***Is donating publicly traded securities right for me?***

By donating the stock directly to the WDMH Foundation, you can avoid capital gains tax and receive a tax credit for your donation.

## ***What are the tax savings?***

Shares, stocks, bonds, and mutual funds – these investments, accumulated over the years, may have grown significantly in value. When you sell these investments, as opposed to donating them, a considerable capital gains tax will result if the current selling price is higher than their original cost.

You are not required to declare capital gains income on securities that have been donated directly to charity. The entire amount of the donation would result in a tax credit that may be used to offset other taxable income during the year of the gift, or, carrying forward five years. The value of the official income tax receipt will be for the value of the shares/securities when they settle into the Foundation's brokerage account, as this is when the transfer of property is deemed to have taken place.



## **DID YOU KNOW?**

Donors are able to give such gifts both during their lifetime and through their will or estate – it's up to you and your advisor team to consider your circumstances and needs.

*"In the last few years I have replaced most of my monthly charitable cash donations with a larger annual securities donation that reflects the income tax reductions from the charitable tax deduction and the elimination of capital gains tax that would have been payable. I make this part of my year-end investment & tax review process. I have now also recognized that this approach can have an even greater impact when I die and the proceeds of my will are distributed to my beneficiaries."*

*John Glead, Morrisburg Resident*

## A Satisfying Gift

A gift of securities should bring you great satisfaction and the knowledge that you have made a sound investment in the future of your local hospital. Your gift will impact patient care for years to come, and the cost to make your donation will be considerably less than any other means of payment.

## Donating

If you donate stocks that are now worth \$10,000 and you paid \$5,000 to buy them, what will your donation really cost? Look at the illustration below and you will be pleasantly surprised. Also, in addition to the tax savings, stockbrokers do not charge fees for transferring ownership of securities.

| ILLUSTRATION OF TAX SAVINGS                |                            |   |
|--|----------------------------|---|
|  | Sell Stock,<br>Donate Cash | Donate Stock Directly<br>to WDMH Foundation |
| Fair Market Value of Stock (FMV)           | \$10,000                   | \$10,000                                    |
| Purchase Price                             | \$5,000                    | \$5,000                                     |
| Taxable capital gain realized <sup>1</sup> | \$2,500                    | \$0   |
| Tax due on capital gain*                   | \$1,250                    | \$0   |
| Charitable gift receipt amount             | \$10,000                   | \$10,000                                    |
| Charitable tax credit**                    | \$4,000                    | \$4,000                                     |
| After tax cost of giving \$10,000***       | \$7,250                    | \$6,000                                     |

*\*Assumes a marginal tax rate of 50% in the province of Ontario.  
 \*\*Assumes an approximate tax credit rate of 40% in the province of Ontario.  
 \*\*\* Calculations is [(FMV - tax credit) + tax due on capital gain]*

Please see our ["Your Best Gift"](#) online tool to learn more about how giving stocks might make sense for you. *Note: our online tool is intended to provide illustrations, and not as legal, financial, or tax planning advice. We suggest using this tool either in the presence of, or before or after visiting with your professional advisor(s) including, but not limited to, lawyers, accountants, and/or financial planners.*

<sup>1</sup> Taxable capital gain realized: A capital gain is an increase in the value of a capital asset (investment or real estate) that gives it a higher worth than the original purchase price. The gain is not realized until the asset is sold (therefore the tax on the gain cannot be calculated until that time either). A capital gain may be short-term (one year or less) or long-term (more than one year) and must be claimed on income taxes, but may be offset by charitable donation credits.

TALK WITH YOUR FAMILY. TALK WITH YOUR ADVISOR. TALK WITH US.



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Please note that the information included in this fact sheet is not intended as legal, financial or tax planning advice. When considering any planned gift, you should always consult professionals and your family (as preferred).