

## How to Increase Your Donation and Reduce Taxes

Many people are turning their investments into gifts for charity. In 2006, the Federal Government created a new incentive for donating marketable securities to public charities by eliminating capital gains tax on such gifts. If you have an investment portfolio, you may want to consider donating appreciated securities to the registered charities you care about. This can include publicly traded stocks, mutual funds and bonds.

A gift of securities entitles you to a donation receipt for the full market value (resale) of your contribution. Your gift will result in a non-refundable tax credit that will reduce your income taxes. You can use it in the year of your gift or carry it forward for up to five additional years.

You pay no capital gains tax on the appreciated value (increased price) of your securities. Donating securities directly to the Galiano Conservancy Association avoids the tax on capital gains, maximizes the return on your investment and protects the tax credits for use against other taxable income.

Let's say you purchased common shares in ABC Company for a cost of \$2,000 and a few years later they have a market value of \$10,000. You would have a capital gain of \$8,000.

By donating shares directly, you get a larger tax credit and give more to charity.

The chart below shows the tax advantage when you donate shares directly to GCA instead of selling them and donating the after-tax proceeds. This calculation assumes a tax rate of 50%. Marginal tax rates vary according to income levels.

	Sell Shares & Donate Cash	Donate Shares Directly
Current market value of securities	\$10,000	\$10,000
Original cost	\$2,000	\$2,000
Capital gain	\$8,000	\$8,000
Taxable gain (50%)	\$4,000	\$0
Tax on capital gain (at 50%)	\$2,000	\$0
Tax Credit assuming 25% of after tax donation value	\$2,000	\$2,500
Donation Amount after tax	\$8,000	\$10,000
These are general figures for the purpose of illustration. They do not constitute legal or financial advice. We strongly encourage you to seek professional legal and/or financial advice before deciding upon your donation to charity.		

GCA's investment representatives are generously donating their services to sell any securities gifted to GCA, so there is no fee to sell your securities; 100% of your gift goes to charity. For more information, please consult your financial advisor or contact:

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