

# Gifts of Appreciated Securities



When it comes to options for making a planned gift, contributing publicly traded securities (stocks, mutual funds and bonds) is often better than writing a cheque and can give you the most value for your donation. This is because all of the taxable gain in a qualifying gift of securities is entirely exempt from taxation.

Not only is it an easy transaction, but you will also benefit twice. Your donation receipt will be issued for the full fair market value of the securities on the date they are transferred to the college. In computing the amount of your charitable tax credit, you get the benefit of all of the appreciation that can now be applied to reduce taxes payable on other income.

When you make a gift of securities to Humber, you provide funding to Humber students in need for years to come.

## Giving Options

### Tax Advantages Today

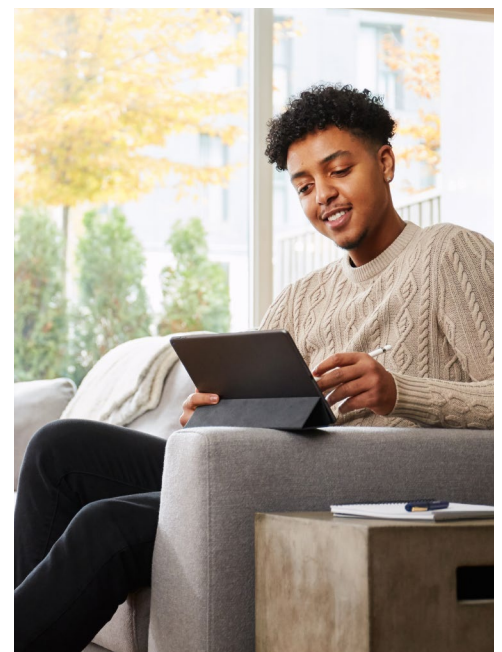
Take advantage of significant tax benefits by donating a portion of your investment portfolio and retain the remainder of your investments for your personal use.

### Future Tax Advantages

Include a gift of appreciated securities in your will. The full exemption from taxable gain applies to charitable bequests as well as to lifetime gifts. Thus, if you intend to make a gift by will to charity as well as to family members, it could be advantageous to fund your donation with appreciated, listed securities and your family bequests with other assets. You can do this either by making a specific bequest of certain securities, or by empowering your estate trustee to select the assets best suited for the charitable bequest.

Your estate will receive a donation receipt for the fair market value of your gift, which can be claimed against up to 100 per cent of net annual income and may be allocated in any of the following ways:

- In the taxation year of the estate in which the donation is made.
- In an earlier taxation year of the estate.
- In your last two taxation years (i.e., the year of your death and the year previous).



This flexibility can be especially advantageous for estates that are liquidating their assets over time.

### **Employee Stock Options**

The capital gains tax advantage also applies to gifts of publicly traded shares acquired through employee stock options. By exercising your options and transferring the shares within 30 days, and within the same calendar year, there will be no tax payable on the capital gain and no taxable employee benefit.



### **Flow-Through Shares**

Donations of publicly traded flow-through shares yield a donation receipt for the fair market value of the donated shares. The resulting tax credits as well as federal and provincial exploration tax credits for eligible expenses may significantly reduce income taxes payable in the year of the gift.



## **Advantages of a Gift of Securities**

### **Ease of Giving**

Making a gift of publicly traded securities is simple. You can have your securities electronically transferred from your brokerage account to Humber's account. Your receipt will be issued for the amount of the closing trading price on the day Humber receives delivery of the shares. Our policy is to sell all securities donated as soon as we receive them.

### **Give More, Reduce Taxes**

When selling publicly traded securities, a capital gains tax is applied to 50 per cent of the increase in value since purchase. By transferring these securities directly to Humber, you will avoid capital gains tax entirely, and receive a donation receipt for the full market value of your gift. If you are unable to fully use the resulting tax credits in the year your gift is made, the excess credit may be carried forward for up to five years.

The following chart illustrates the difference between donating shares directly to Humber College and selling the shares and then donating the after-tax proceeds:

	<b>Sell and Donate Cash</b>	<b>Donate Share Directly</b>
<b>Amount Paid</b>	\$1,000	\$1,000
<b>Current Market Value</b>	\$5,000	\$5,000
<b>Capital Gain</b>	\$4,000 (\$5,000 current value - \$1,000 purchase price)	\$4,000
<b>Taxable Gain</b>	\$2,000 (\$4,000 capital gain x 50%*)	\$0
<b>Tax Owed on Capital Gain</b>	\$1,000 (\$2,000 taxable gain x 50%*)	\$0
<b>Donation Amount (after tax)</b>	\$4,000	\$5,000 <i>Humber students receive \$1,000 more</i>
<b>Charitable Tax Credit</b>	\$2,000 (\$4,000 donation x 50%*)	\$2,500 <i>Your gift yields \$500 more in tax credits</i>

\* Using Ontario's marginal tax rate of approximately 50 per cent.

## Ensuring Your Legacy

The following tips may help your turn an investment into an effective charitable gift:

- Consult your financial advisor to determine which investments will have the greatest financial and philanthropic impact.
- Contact Humber Advancement and Alumni and let us know of your plans. We will work with your broker to transfer your securities quickly and efficiently.
- Advise us of your intentions. It means a great deal to us to be able to thank you, on behalf of Humber students, and personally recognize your generous commitment.

## Contact Us

To make a gift through your will or to advise us of your intentions, please contact:



**Humber Advancement and Alumni**

Phone: 416.673.0152

Toll-Free: 1.866.373.0152

Email: [legacygiving@humber.ca](mailto:legacygiving@humber.ca)