



CHARITABLE GIFTING

As the holiday season nears, many Canadians will be making the bulk of their charitable donations for the year and we'd like to help you make the most of the ones you may be considering.

According to Statistics Canada, on an annual basis Canadians donate \$10.6 billion to charitable and non-profit organizations for selfless reasons. It's still important to understand the benefits to taxpayers when they have qualifying charitable donations to include on their tax return.

Charitable giving using investment securities:

Most charitable organizations will accept investment securities as a gift or donation instead of cash. These are referred to as donations in-kind and are eligible for the donation tax credit equal to the market value of the investment at the time it is transferred to the charitable organization.

When gifting an investment security to a registered charitable organization, CRA does not require the taxpayer to recognize any taxable gains associated with the donated investment securities.

Using an example to illustrate, let's say an individual wants to donate \$10,000 to a registered charity. In order to fund that donation, this individual needs to sell \$10,000 worth of stock which they originally purchased for \$6,000. When the donor files their tax return they will need to include the \$4,000 capital gain income (\$10,000 - \$6,000) of which 50% or \$2,000 is taxable. If this individual has a marginal tax rate of 40%, the act of selling those shares to fund their donation added \$800 to their tax bill (\$2,000 x 40%).

Alternatively, if the donor in the example above had simply gifted the shares to the charity, they would not have had to recognize the capital gain and saved \$800 in tax while receiving a tax receipt for the \$10,000 donation.

So, if you are considering donating, check your investments and consider making the donation by transfer of securities – you may be able to save on tax and make a larger charitable contribution. And most importantly, you will be contributing to a worthy cause.



GOT QUESTIONS?

Contact DJB Wealth Management Inc. today - we can help you stay on the right path!



PRESIDENT

Mark Brohman, CPA, CA
905.684.9221 - St. Catharines
mbrohman@djb.com



VICE PRESIDENT

Brad Giroux, CFP®, CLU, CHS
905.684.9221 - St. Catharines
bgiroux@djb.com



CERTIFIED FINANCIAL PLANNER™

Wade Dempsey, CFP®, CHS
905.525.9520 - Hamilton
wdempsey@djb.com



FINANCIAL PLANNING ASSOCIATE

David Hyun, CFP®, MBA
905.525.9520 - Hamilton
dhyun@djb.com



SENIOR CLIENT SERVICE ASSOCIATE

Cathy Guerra, B.A.
905.684.9221 - St. Catharines
cguerra@djb.com



CLIENT SERVICE ASSOCIATE

Ashley Angelone
905.525.9520 - Hamilton
aangelone@djb.com

NOTE: These are general figures for the purposes of illustration. We recommend you seek appropriate professional advice before deciding on your charitable gifts.