

Gifts of Publicly Listed Securities

Frequently Asked Questions

1. Q Exactly what are publicly listed securities?

A This term includes shares and bonds publicly traded on Canadian and major foreign exchanges, as well as mutual and segregated funds.

2. Q When should I consider a gift of securities to United Way of the Lower Mainland?

A If you own securities that have appreciated in value, there are additional tax incentives to gift them directly as a charitable gift.

3. Q What are the tax incentives?

A Normally when you sell appreciated publicly listed securities, 50% of the capital gain is taxable. If instead you gift the securities to United Way of the Lower Mainland, as of the Federal Budget in 2006, there is no Capital Gains Tax payable.

Also, you receive a donation receipt for the full value of the gift determined from the closing price of the security on the date of the gift.

4. Q How do I make a gift of shares options to United Way?

A Please call Tom Riglar at the United Way (604-268-1316) prior to the actual transfer of securities. Please do not transfer securities to United Way's brokerage account without prior notification. Tom will provide you with all the appropriate information to ensure your transaction is handled smoothly and efficiently.

5. Q Please compare a gift of securities versus a sale and gift of cash?

A Due to the tax incentive it is to your advantage to gift the securities rather than selling the securities and make a cash gift of the same amount.

	<u>Publicly listed securities to charities</u>		
	<u>Cash</u>	<u>Previous</u> (25% of capital gains)	<u>New</u> (0% of capital gains)
Amount of donation	\$1000	\$1000	\$1000
Tax credit ¹			
Federal	\$290	\$290	\$290
Provincial	\$170	\$170	\$170
Reduction in capital gains tax ²	–	\$70	\$140
Total tax assistance	46%	53%	60%
Donor's share of the cost of the donation	54%	47%	40%

¹ Assumes that donor has made other donations totaling \$200 or more in the year, so that the top tax credit rate applies.

² Reduction from the standard 50% inclusion rate that would apply if the individual sold the security.

Assumes that the original cost of the securities is \$400.