



WAYS TO GIVE

Donations of appreciated securities

Donating appreciated securities is a very attractive way to give option. There is no tax on capital gains on securities donated to a charity and the donor receives a tax receipt for the security's full market value.

You can donate securities easily, either by electronic transfer or by giving HCF the paper certificates if you have them. The donation receipt's value is established as the closing price on the date the transfer takes place.

This example illustrates the tax savings impact when donating appreciated securities.

Donor wishes to make a donation of \$10,000

Fair market value of securities: \$10,000 Cost base of securities: \$2,000

Option 1 - Sell securities and make \$10,000 donation from cash proceeds

Option 2 - Donation of securities to charity

	Option 1	Option 2
Sale/Donation of Securities	\$ 10,000	\$ 10,000
Capital gain	\$ 8,000	\$ 8,000
Taxable gain (50% x \$8,000)	\$ 4,000	\$ 0
Donation tax credit ¹ (46% x \$10,000)	\$ 4,600	\$ 4,600
Tax on gain ¹ (46% x \$4,000)	(\$ 1,840)	\$ 0
Net tax credit	\$ 2,760	\$ 4,600
Cost of donation net of tax credit	\$ 7,240	\$ 5,400

¹This assumes a 46% marginal tax rate. For calculating capital gains tax, this note is applied to 50% of the capital gain. For calculating tax credit, this rate this rate is applied to the full value of the donation

Hamilton Community Foundation has extensive experience in handling donations of appreciated securities, ensuring that it's an efficient, effective, timely and professional process. If you are considering donating marketable securities that have appreciated, we suggest you discuss this option with your advisor. Be sure to let us know when you are transferring donated securities electronically, so we can receipt you properly.