



UNIVERSITY OF OTTAWA
HEART INSTITUTE
INSTITUT DE CARDIOLOGIE
DE L'UNIVERSITÉ D'OTTAWA

FOUNDATION
FONDATION

Bringing the Future Closer

Gifts of Listed Securities

Donations of listed securities, over cash donations, are particularly attractive because of the tax benefits.

Do you have stocks, bonds or mutual funds that have increased significantly in value since you purchased them?

If you sell the securities and keep the cash from the sale, you will be taxed on 50% of the capital gain. However, if you donate the securities to a public foundation like the University of Ottawa Heart Institute Foundation, you will not pay any capital gains tax! You will also receive a charitable tax receipt for the fair market value of the securities that will offset most or all of the taxes. You may claim your charitable tax credit over six years, including the year the gift was made.

Example – Gift of Securities vs Donating Cash

The following example shows the actual cost of a contribution of securities versus making a donation of cash.

Mr. and Mrs. D. are regular donors to the Heart Institute and have been considering making a larger contribution. They had purchased some stock earlier for \$40,000 that is now worth \$100,000, resulting in a capital gain of \$60,000. Their income tax rate and tax credit rate are 46%.

	Gift of Cash	Gift of Shares
Gift (market value)	\$100,000	\$100,000
Tax credit:		
• Federal/provincial tax	\$46,000	\$46,000
• Reduction in capital gains tax*	n/a	\$14,000
Total tax benefit	\$46,000	\$60,000
Cost of donation	\$54,000	\$40,000

The gift of stock, instead of cash saved them \$14,000 in taxes!

* This is the savings in capital gains tax that they would realize by not selling the shares.

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Gifts of Listed Securities

Example – Bequest of Securities vs Cash Bequest

Mary's estate consists of appreciated listed securities as well as cash. She has been considering leaving a bequest through her Will to the University of Ottawa Heart Institute Foundation. She bought the securities for \$20,000 a number of years ago. Assuming that the market value of her securities will be \$100,000 when she dies, they will have gained in value by \$80,000. Her income tax and tax credit rates are 46%.

This example shows that it is more beneficial for Mary's heirs if she leaves a bequest of the securities to the Heart Institute and give cash to her heirs, than to make a charitable bequest of cash and give the securities to her heirs.

Securities bequest (cash given to heirs):

Tax credit (46% x \$100,000 market value)	=	\$46,000
Minus: Tax on capital gain	=	\$ 0
Net tax savings	=	\$46,000

Cash bequest (securities given to heirs):

Tax credit (46% x \$100,000 cash donation)	=	\$46,000
Minus: Tax on capital gain 46% (50% x \$80,000)	=	\$18,400
Net tax savings	=	\$27,600

The tax savings to Mary's heirs (\$46,000 – \$27,600)	=	\$18,400
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Please note that these examples are for illustration purposes only. Since each personal financial and tax situation is unique, please consult with your legal or tax advisor to ensure that you receive a full and accurate explanation of the benefits to you of your charitable gift.