



**HARVEST
PROJECT**

Extending a hand up, not a hand out

1073 Roosevelt Crescent, North Vancouver, BC, V7P 1M4
Tel: 604.983.9488
harvestproject.org

Donate Securities and Mutual Funds

A donation of securities or mutual fund shares is the most efficient way to give charitably.

Your gift will go to sustain Harvest Project's work with vulnerable people in our community – helping to change lives and ensuring that Harvest Project is able to deliver the best assistance possible.

Thanks to your gift, many North Shore families will be able to move forward through crises to healthier lives. The entire community will be better off as we come together now and for the future.

The Benefits: Save More, Give More

The Canada Revenue Agency does not apply capital gains tax on donations of publicly traded securities. *Capital gains* are the increase in the value of your securities over the price you paid at purchase.

When you sell your shares for cash, you're responsible for the tax due on the gain, even if you plan to donate the proceeds from the sale. If you pay the tax out of those proceeds, there's less money left to donate. Your charity receives a smaller donation and you have a smaller donation to claim for your charitable tax credit at the end of the year.

But when you donate your securities directly to a charity, those capital gains aren't subject to tax. This means your charity receives a larger gift, and you'll benefit from a tax receipt for the full value of your eligible securities or mutual funds.

Here's an example of how it works.

Let's say you purchased common shares in ABC Company for a cost of \$1,000. If the current market value of those shares has increased to \$5,000, you would have a *capital gain* of \$4,000.

If you **sell those shares and donate the cash proceeds**, you'll owe tax on the capital gain. So, you set aside the taxes due from the proceeds, leaving you with less than the full cash value to donate and a tax receipt which reflects the smaller donation.

But when you **donate the shares directly**, you owe no capital gains tax and you're able to donate the full value. So your charity gets a larger donation and you get a tax receipt which reflects your larger contribution.

Here are some approximate figures to illustrate:

	Sell securities and donate the after-tax proceeds	Donate securities to Harvest Project
Original cost of securities	\$1,000	\$1,000
Current market value	\$5,000	\$5,000
Capital gain	\$4,000	\$4,000
Tax on capital gain	\$920.00 ¹	\$0.00
Donation amount after-tax	\$4,080 ^{2,3}	\$5,000 ³
Your charitable tax-credit	\$1,876 ¹	\$2,300 ¹

In this illustration, you're able to donate the full value of your securities to charity: \$5,000.00. Your tax credit on that amount would be approximately \$2,300, or about \$920 more than if you had sold the shares and donated the proceeds as cash.

Here is a link to a live calculator so that you can try out your own numbers to see the benefits:
<http://www.rbcds.com/StockDonationCalcFinal.html>

By donating shares directly, you can save on taxes while you're offering more help to the charities you care about most.

It's simple to donate securities to charity – contact your financial advisor and investment firm and give them your instructions. On Harvest Project's website, you will find a PDF form for you to use in making a donation of shares or other securities.

Please contact Gary Ansell, Executive Director at Harvest Project with your questions or donations:

Phone: 604-983-9488 X311 Email: garya@harvestproject.org

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

2. \$4,080.00 represents the full value of \$5,000.00 minus estimated tax of \$920.00.

3. Example fees: 3% fee applies to donations less than \$10,000; 2.5% fee applies to donations between \$10,000-\$49,999; 2.25% fee applies to donations between \$50,000-\$99,999; 2% fee applies to donations \$100,000+

These are general figures for the purpose of illustration. They do not constitute legal or financial advice. Harvest Project strongly encourages you to seek professional legal and/or financial advice before deciding upon your donation to charity.