



Gifts of Securities

Eliminate capital gains and receive a charitable donation tax credit

Donating publicly traded securities that have appreciated in value provides excellent tax advantages. In fact, most people who donate securities to Pearson College end up with an after-tax cost that is less than one-half the value of the gift.



WHAT ARE THE TAX BENEFITS OF GIVING SECURITIES?

If you have invested well and now own a portfolio with highly appreciated securities, selling them could subject you to significant capital gains tax. However, donating the security directly to Pearson College eliminates the capital gains tax and provides you with a donation tax credit for the full amount of the security for use at the time of the gift, or in the following five years.

CAN YOU GIVE ME AN EXAMPLE OF HOW IT WORKS?

Let's compare the tax difference between gifting shares, and selling the shares and donating the cash proceeds.

Consider Jane, who purchased shares some years ago for \$2,000. The shares are currently worth \$10,000. Jane's combined federal and provincial tax rate is in the top bracket for her province, at 45%. Her charitable tax credit is also at 45%.

OPTION 1

Jane sells the shares and donates the proceeds

Amount of gift	\$10,000
Total gain (\$10,000 - \$2,000)	\$8,000
Taxable gain (50% x \$8,000)	\$4,000
Tax on gain (45% x \$4,000)	\$1,800
Tax credit (45% x 10,000)	\$4,500
Net credit (tax credit - tax on gain)	\$2,700
Net cost to Jane of the gift (gift - net credit)	\$7,300

OPTION 2

Jane donates the shares directly to Pearson College

Amount of gift	\$10,000
Total gain (\$10,000 - \$2,000)	\$8,000
Taxable gain (0% x \$8,000)	\$0
Tax on gain (45% x \$0)	\$0
Tax credit (45% x 10,000)	\$4,500
Net credit (tax credit - tax on gain)	\$4,500
Net cost to Jane of the gift (gift - net credit)	\$5,500

We can see from this example that Jane saves \$1,800 in tax by donating the shares directly to the College.

CAN I DONATE A DEPRECIATED SECURITY?

Yes, you can donate a depreciated security in order to record its loss and offset past and future capital gains. You will receive a donation tax credit for the full amount of the security for use at the time of the gift. The recorded loss can be carried back up to three years, and carried forward indefinitely.

HOW DO I GO ABOUT TRANSFERRING THE SECURITIES?

Most securities are held electronically and can easily be transferred from your brokerage account to a brokerage account held by Pearson College.

Please contact our office and we will be pleased to mail or email you an 'electronic share transfer' form to fill out and send to your broker.

WHAT KINDS OF SECURITIES QUALIFY?

Securities can include stocks, bonds, mutual funds, flow-through shares or stock options.

WHAT ELSE SHOULD I KNOW ABOUT GIVING SECURITIES?

You or your estate receives a charitable tax receipt for the gift valued at the closing value of the securities on the date the securities are received in the College's brokerage account.

It is the practice of Pearson College to sell the securities once they are transferred, but this does not affect the amount on the tax receipt.

There are many ways to make a lasting contribution to Pearson College. Please contact our Legacy Giving Team by phone at [250.391.2463](tel:250.391.2463) or email to legacy@pearsoncollege.ca.

We encourage you to consult your tax, financial and/or legal advisors to help you decide the type of planned gift that makes the most sense for your personal situation and long-term goals.

PEARSON COLLEGE



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