

Donating Securities to the Calgary Learning Centre

Many Calgarians have made significant gains on their investments over the past several years. And now, many are asking how they can share some of their good fortune and help the Calgary Learning Centre.

Why not consider donating your stocks or mutual funds to the Calgary Learning Centre?

The Donation Process

The May 2006 Federal Budget has made it much easier to donate eligible securities.

If you donate your securities, instead of cash to charity, you are entitled to enhanced tax relief.

Under the new rules, none of the capital gain on the eligible stock or mutual fund is included in your income!

You do not have to pay tax on the gain. In addition, the donation provides you with a tax credit equal to the highest marginal tax rate in your province.

For example, let's say that a donor makes a \$100,000 donation of publicly traded securities to the Calgary Learning Centre. If the original cost was \$20,000, there would be an \$80,000 capital gain. The Calgary Learning Centre would receive the full amount of \$100,000, and the donor would receive significant tax savings. The following table displays the advantages of donating securities versus selling securities and donating the cash:

Example Alberta Tax Rate of 39%	Cash Donation (cash out securities, then donate)	Donate Securities Directly
Fair market value of donation	\$100,000	\$100,000
Assumed adjusted cost base	(\$20,000)	(\$20,000)
Capital gain	\$80,000	\$80,000
Taxable gain (50% vs 0%)	\$40,000	\$0
Tax on capital gain (at 39%) (a)	(\$15,600)	\$0
Tax benefit of gift (at 41.75%*) (b)	\$41,750	\$41,750
Net tax benefit (a + b)	\$26,150	\$41,750
Tax savings from donating securities instead of cash		\$15,600

* Alberta's tax credit is 41.75% for personal donations – higher than the top marginal tax rate of 39%

Advantages for Business Owners

If you own your business, you can benefit through the corporation's "**capital dividend account**".

When you donate securities to charity, the tax free portion of the capital gain resulting from the donation, which is now 100%, would be added to the capital dividend account and can be removed tax free. Talk to your Tax Advisor for more information.

This is an incredible opportunity in our quest to provide hope to persons challenged by learning, literacy and attention issues. Your gift of publicly traded securities could have a positive impact on hundreds of children, adults and families and pave the way for their success in life's wonderful journey.

Please join us in this quest and contact the Calgary Learning Centre or ScotiaMcLeod for more details!



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