

Gifts of Securities

The KGH Foundation welcomes Gifts of Securities.

Benefits of this Planned Gift:

- ↳ Tax savings on capital gains
- ↳ Tax-smart gift for current giving
- ↳ Tax smart savings as a legacy gift

A charitable gift of securities is an effective tax-smart gift for both current and legacy gifts. The taxable gain on gifts of publicly listed securities has been reduced to 0%. This significant reduction in taxable gain makes a gift of appreciated securities the method of choice for many donors for both present giving and giving through your estate.

When you gift appreciated securities to the Foundation you will receive a charitable tax receipt for the fair market value of the shares as of the date that ownership is transferred. You may then use your tax receipt to off-set other taxable income. Any unused portion of your receipt may be carried forward for up to 5 years. The Foundation will then sell the shares, and the proceeds of the sale will be directed to the fund or area that you select.

If you wish to use securities to create your legacy, you may designate specific shares or a percentage of your overall portfolio to the Foundation. Again, the taxable gain will be 0%, making this a tax-smart way to create your legacy. Your estate will receive a charitable tax receipt for the fair market value of your gift. This receipt may then be used to off-set any estate taxes, thereby assisting your other beneficiaries.

Please see reverse side for a sample of this planned gift.

KGHF FOUNDATION

Sample ~ Let's look at the difference between selling and donating \$20,000 worth of shares that were purchased for \$4,000. This means they have a fair market value of \$20,000 and a cost base of \$4,000.

Illustration ~ If you give the shares to KGHF:

Your tax receipt		= \$20,000
Total gain on shares	20,000 - 4,000	= \$16,000
Taxable gain	0% x 16,000	= \$ 0
Net tax receipt	20,000 - 0	= \$20,000
Net tax savings	20,000 x 43.7%	= \$ 8,740
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You use your donation of \$20,000 to shelter other income and have avoided being taxed on \$16,000 in capital gains.	Government receives \$0	KGHF receives \$20,000

Illustration ~ If you sell the shares:

Total gain on shares	\$20,000 - \$4,000	= \$16,000
Taxable gain	50% x 16,000	= \$ 8,000
Tax on the gain	43.7%* x 8,000	= \$ 3,496
Net after-tax proceeds	20,000 - \$3,496	= \$16,504
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You receive \$16,504	Government receives \$3,496	KGHF receives \$0

You are able to give \$20,000 to KGHF to support the program of your choice. The real cost to you is \$7,764 when compared to simply selling the shares. (Net after-tax proceeds of \$16,504 minus the net tax savings of \$8,740 equals the net cost of the gift \$7,764).

*In this illustration we used 43.7%, which is the highest marginal tax rate in B.C. as of January 1, 2004.