

Securities and mutual funds donations are a strategic way to give.

A donation of securities or mutual fund shares is the most efficient way to give charitably. With a donation of securities or mutual funds, capital gains tax does not apply, allowing you to give more by not paying tax on capital gains.

Some commonly asked questions about donating a gift of shares

What are the benefits of gifting securities directly to KGH Foundation instead of selling them and giving the proceeds in cash?

The short answer is, with proper planning, you'll realize even more tax savings than you would with a gift of cash. Not only can KGH Foundation issue an official donation receipt (that can be claimed to save taxes) for the value of the publicly traded shares or mutual funds you transfer, you won't have to pay tax on any capital gains realized. In other words, you get twice the advantages you would with a gift of cash.

What are the benefits to KGH Foundation?

The ability to accept securities opens the door to more gift givers, as well as larger gifts, to support our work. Most gifts of securities are larger than the average cash gifts and the higher tax savings ultimately make charitable gifts less costly so donors are able to give more.

How does the process work when you decide to donate securities?

Usually a securities gift will be done by way of electronic transfer from your account to KGHF's account. You will need to fill in the necessary form that will instruct your bank or investment firm to send your gift.

How do I determine which securities or mutual fund units to donate?

Tax planning is important here, including who should make the gift (for example, you or your company). It's also important to be sure that the shares or mutual funds you want to transfer will qualify for the incentive (for example, not held in an RRSP, RRIF, or TFSA). Since the incentive relieves tax on capital gains, choosing securities with larger capital gains is typically a good approach.

Do I have to use the donation receipt in the tax year of my donation or can I carry it forward?

No, you don't have to use it only in the year the gift is made. Under current tax rules, gifts made in life (meaning not in a will) can be carried forward for up to five more years.

Keep in mind there is no substitute for good tax advice, and as with most tax incentives, there are specific rules and conditions to follow.

To illustrate the added value of transferring a gift of securities, we've included an example scenario below:

| Example | Sell Stock then Donate Cash Proceeds | Donate Stock in kind to KGH Foundation |
|---------------------------------------|---|---|
| Donation (Fair Market Value) | \$100,000 | \$100,000 |
| Initial Cost of Stock | \$20,000 | \$20,000 |
| Capital Gain | \$80,000 | \$80,000 |
| Taxable Capital Gain (50% of gain) | \$40,000 | \$0 |
| Tax Credit (40% of donation**) | \$40,000 | \$40,000 |
| Capital Gain Tax Owing (@50%) | <u>(\$20,000)</u> | <u>\$0</u> |
| Net Tax Benefit from donation | \$20,000 | \$40,000 |
| Actual Cost of \$100K Donation | \$80,000 | \$60,000 |

**the tax credit may be as high as 44% on some of the donation amount if the donors taxable income is greater than \$200,000

We make it easy to donate securities

- Complete the Transfer of Securities Form (page 3 of this document) with your broker and send it to **both** RBC Dominion Securities and KGH Foundation by fax or email:
 - RBC Dominion Securities
 Attn: Rhonda Hymers
 Fax: 250.712.2120 Email: Rhonda.hymers@rbc.com
 Tel: 250.712.2148
 1200 Landmark Square VI, 1631 Dickson Avenue Kelowna BC V1Y 0B5
 - Kelowna General Hospital Foundation
 Attn: Sasha Carter, Director of Legacy Giving
 Fax: 250.862.4377 Email: sasha.carter@interiorhealth.ca
 Tel: 250.862.4300 ext. 7011
 2268 Pandosy Street, Kelowna, BC V1Y 1T2
- Instruct your broker to complete the transfer. Sending a copy of this form to your broker may provide sufficient authorization. You may also wish to follow up with your broker to help ensure your instructions are carried out as specified.
- Upon receipt of the transferred securities to the KGH Foundation brokerage account, we will issue a charitable tax receipt.

Transfer of Securities Form

In order to make your gift, please complete this form with your broker. If you do not have a broker, complete the form and send it directly to your delivering institution.

Donor Information

Name: _____

Address: _____

City, Province & Postal Code: _____

Phone: _____ Email: _____

I/We would like to make a gift of securities to the Kelowna General Hospital Foundation

Receiving Institution: RBC Dominion Securities Inc.
180 Wellington Street West, 12th Floor, Toronto, ON M5J 0C2
Attention: Account Transfer Department
Account Number: 832-11643-14 Dealer/Rep Code: 9190/VFW
CUID: DOMA, DCT: 5002, EuroClear: 90065

Description of Securities

Name of Security: _____ CUSIP/ISIN: _____

Number of Shares/Units to transfer: _____

Donor Signature: _____ Date: _____

Gift Designation:

- Area of Greatest Need or
- Fund or Purpose: _____

Donor Recognition

(includes Annual Report, permanent displays, internal reports, online and other printed materials etc.)

- I / We would like this gift recognized in the name(s) of: _____
- Please do not publish my name(s) as a donor to the Kelowna General Hospital Foundation