

Making a Gift of Appreciated Securities to Toronto Public Library Foundation

When individuals sell an appreciated stock or mutual fund, they are required to pay tax on 50 percent of the capital gain. However, if they donate the securities directly to charity, they pay no capital gains tax. This makes appreciated stock one of the most cost effective ways to donate to Toronto Public Library Foundation.

The following example illustrates the benefit of gifting appreciated securities directly to the charity versus selling the stock and donating the cash to the charity. This example is the same whether the gift is an in-life gift or a bequest through one's will.

	Sell shares and gift cash to charity	Gift shares to charity
A. Proceeds of disposition	\$100,000	\$100,000
B. Adjusted cost base	\$20,000	\$20,000
C. Capital Gains (C= A - B)	\$80,000	\$80,000
D. Tax on capital gains (D= (C x 50%) x 46%*)	\$18,400	\$0
E. Donation tax credit (E= A x 46%)	\$46,000	\$46,000
F. Net tax savings from donation (F = E - D)	\$27,600	\$64,400**

*assumes gift is made in Ontario at a marginal tax rate of 46%

**\$64,400 is the amount of the donation tax credit plus the savings you incur by not having to pay the tax on capital gains.

Benefits of making a Gift of Securities to Toronto Public Library Foundation:

- A donation tax receipt will be issued for the fair market value of the securities
- No capital gains tax is owing as the securities are gifted directly to the Toronto Public Library Foundation (a public charity)
- Your donation will make an impact for the Toronto Public Library as soon as it is received, whether that is today or through your legacy
- A donation of appreciated securities could enable you to make a bigger gift than you thought possible or a gift at less cost to you or your estate.

For more information, please contact:

Rhonda Sogren, Development Officer, Legacy Gifts
Toronto Public Library Foundation
789 Yonge Street, Toronto, ON M4W 2G8
Ph: (416)393-6263
Email: rsogren@tpl.ca

Please Seek Expert Advice: Toronto Public Library Foundation recommends that you seek professional advice to ensure your financial goals are considered, your tax situation reviewed and that your planned gift is tailored to your circumstances.