



MAJOR GIFTS - SHARES DONATION

This type of donation is for anyone who owns securities, publicly traded stocks, mutual funds or bonds. Regardless of your age, income or net worth, your contribution will make a difference and allow for substantial tax savings.

Would you like to make a donation of securities to the Institut du cancer de Montréal? (*)

Here are the main benefits for the donor related to this type of donation

- **Accessibility** | A simple and tax-efficient way to give
- **Tax-free** | By transferring your securities directly to the Institute, you pay no tax on the capital gain portion (taxable at 50%)
- **Donation receipt** | The Institute will issue you a tax receipt for 100% of the Fair Market Value on the day of transfer to the Institute's brokerage account
- **Donation of securities through a holding company** | Can definitely be advantageous. The balance of the Capital Dividend Account (CDA) is increased by the amount of the capital gain, allowing the shareholder to receive an amount equal to the capital gain tax-free.
- **Maximizes tax credits** | At the federal level, the maximum eligible donation is 75% of the donor's net income. At the provincial level, there is no limit and the total donation is applicable without restriction on the percentage of net income. In both cases, the unused surplus for the year of the donation can be carried forward to the next 5 years

(*) We recommend consulting with your financial advisor to plan the best option for you

By making a planned gift to the Montreal Cancer Institute, you are anticipating, enhancing and supporting research so that one day cancer will be defeated.

Today's research is tomorrow's treatment

*For more information, please contact France Grenier, Manager, Major gift and planned giving, Institut du cancer de Montréal
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MAJOR GIFTS – DONATION OF SHARES EXAMPLES

A donor wishes to make a donation to the Institut du cancer de Montréal of \$10,000 in stock paid \$4,000 six years ago.

Current market value for one share is 100\$

Adjusted cost base is 40\$

	OPTION 1	OPTION 2	OPTION 3
	Cash donation of \$10,000 from the sale of 100 shares	Donation through a transfer of 100 shares at \$100 per share, a value of \$10,000	Donation through a transfer of 150 shares at \$100 per share, a value of \$15,000
A) Value of donation = value of tax receipt issued to donor	10 000 \$	10 000 \$	15 000 \$
B) Cost of acquisition of shares	4 000 \$	4 000 \$	6 000 \$
C) Capital gain tax savings of 50% of (A-B) x 50% (*)		1 500 \$	2 250 \$
		(10 000 \$ - 4 000 \$) x 50% = 3 000 \$ x 50% (simulated tax rate)	(50 000 \$ - 6 000 \$) x 50% = 4 500 \$ x 50% (simulated tax rate)
D) Tax credit applicable for the donation (A x 50%) (*)	5 000 \$	5 000 \$	7 500 \$
E) Tax benefits (C+D)		6 500 \$	9 750 \$
Final net cost to the donor (A-E)	5 000 \$	3 500 \$	5 250 \$

(*) In order to simplify the calculation, we have used a tax credit rate of 50%.

Donors can reduce the cost of their donation and give more

Conclusion: the donor benefits from an additional tax advantage of \$1,500 by favouring the direct transfer of securities between brokers. In addition, option 3 of the above calculation clearly demonstrates to the donor the tax advantage of this type of donation while allowing him to contribute more to the cause and thus meet his philanthropic values: donation of 150 shares instead of 100 shares.

Donation via a holding company

When the donation is made through a holding company, the donor, who is in fact the holding company, benefits from an additional advantage. The value of the capital gain (either \$6,000 or \$9,000 depending on the option selected above) is added to the balance of the capital dividend account (CDA). This strategy allows the shareholder to receive a larger tax-free amount from the CDA of the holding company.

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