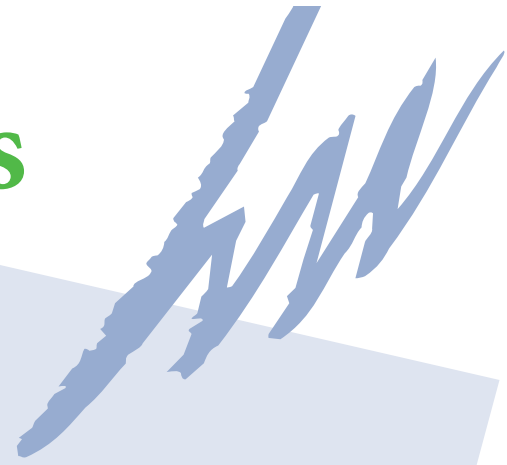


# Gifts of Securities



## *How you can give*

When you donate securities to Habitat for Humanity Toronto, you receive a charitable tax receipt for the full amount of the gift. While marginal tax rates vary from province to province, on average, your donation will generate a tax credit worth approximately 45% of the value of the gift. That alone makes donating securities a wise financial move as well as a way of helping people in need.

There are other tax advantages, though, when you transfer stocks, bonds and other investments to Habitat. Usually, when you sell a security, you must pay tax on 50 per cent of the capital gain, but when you transfer the security directly to a charity, without first converting it to cash, **there is no taxable amount on the gain.** Publicly listed securities include shares, mutual funds, options and futures listed on most stock exchanges in Canada and around the world.

Leaving securities to Habitat for Humanity Toronto in your will can lessen the tax burden for your heirs. Not only will your estate be excluded from paying tax on any capital gains generated by the security, but Canada Revenue Agency allows you to donate up to 100 per cent of your estate's net income to charity. The more securities and other assets you leave to charity, the bigger the tax credit for your estate, and the fewer taxes that will have to be paid.

## *Benefits to you*

- You receive a charitable tax receipt for the full amount of the donation
- You pay no taxes on the capital gains when you transfer securities to Habitat for Humanity Toronto
- You can make a sizeable donation, often without affecting your day-to-day financial requirements
- By leaving securities to Habitat for Humanity Toronto in your will, you lessen the tax burden on your estate and your heirs

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## Benefits to Habitat and the people you help

- Whether you donate securities during your lifetime, or in your will, your gift starts to work as soon as the securities are sold, immediately helping children and their families break the cycle of poverty
- By donating stocks, bonds and other investments, you may be able to make a substantially larger donation than would otherwise be possible, helping more people in need

**EXAMPLE:** \$10,000 of stock with an unrealized capital gain of \$6,000. The chart below demonstrates the tax advantages of making a gift of \$10,000 to charity through an appreciated security.

|                        | <b>Sell Stock</b><br><i>Donate Proceeds</i> | <b>Donate Stock Directly</b><br><i>(prior to May 2, 2006)</i> | <b>Donate Stock Directly</b><br><i>(since May 2, 2006)</i> |
|------------------------|---|---|--|
| Fair market value      | 10,000                                      | 10,000  | 10,000   |
| Capital gain           | 6,000                                       | 6,000   | 6,000  |
| Taxable amount         | 3,000                                       | 1,500   | 0  |
| Tax due*               | (1,350)                                     | (675)   | 0  |
| Gift to Habitat        | 10,000                                      | 10,000  | 10,000   |
| Charitable Tax credit* | 4,500.00                                    | 4,500.00  | 4,500.00   |
| <b>Tax refund</b>      | <b>3,150</b>                                | <b>3,825</b>  | <b>4,500</b>   |

\* Note: because the marginal rate varies from province to province, a representative amount of 45 per cent has been used to determine the amount of tax due on Capital Gain and Charitable Tax Credit.

## Your Gift of Hope

When you transfer securities such as stocks, bonds and mutual funds to Habitat for Humanity Toronto, you spread hope to others through your investments. You can make a substantial gift, and reap tax benefits at the same time.

Although securities can be a good long-term investment, they become a form of taxable income when converted to cash. By transferring them to charity, you not only receive a charitable receipt for the donation, you significantly offset the amount of capital gains tax owing.

You can enjoy the savings yourself by making a donation today or pass the savings along to your estate by designating the securities to Habitat for Humanity Toronto in your will.

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## Flow-Through Shares

Flow-through shares are unique form of securities that may provide you with deductions up to 90% of your gift (or more!).

