

# Outright Gifts of Cash or Securities

An outright gift gives you the satisfaction of seeing your gift at work immediately and knowing that lives are being touched right now, because you cared enough to make a difference.

When you make an "outright gift" of cash or publicly listed securities to Bethlehem Housing and Support Services, your donation goes to work in one of two ways: providing affordable housing and services to support the personal growth of individuals and families across the Niagara region.

It could also provide a base of funding for future support, generating investment income for the organization as part of an enduring endowment fund.

For more information about making gifts of cash or listed securities and other ways to invest in our future, please contact:

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Charitable Registration  
#121926547 RR0001

**bethlehem**  
housing and support services



## Gifts of Cash

Cash contributions – paid by cheque or credit card – are the choice of many of our supporters, and are among the simplest gifts to make.

The donation tax credit means that your gift is worth more to Bethlehem than its actual net cost to you. Each year a percentage of the value of your accumulated receipted donations – currently 15% for the first \$200 plus 29% of gifts in excess of \$200 and 33% of gifts to the extent of taxable income in excess of \$200,000 – can be subtracted from the federal income tax you owe.

Your gift is also eligible for an Ontario provincial income tax credit and an additional reduction in provincial tax.

The combined tax savings can often approach 46% of your contribution. (For this reason, the following examples assume a combined credit of 46 percent for illustrative purposes.)

### Example:

*Laurie writes a cheque for \$1,000 to Bethlehem, but the net cost of the gift is only \$540, because her donation receipt for \$1,000 reduces her income taxes for that year by \$460.*

**Outright gifts** – are gifts you can make with cash or other types of financial assets as well – and giving them may be easier than you imagined!

## Gifts of Appreciated Securities

Non-cash assets such as securities (stocks, bonds, mutual fund units) are also suitable as outright gifts.

Making a charitable gift using listed securities is often more cost-effective than writing a cheque. This is because any taxable capital gain realized in a qualifying gift of securities is entirely *exempt* from taxation.

If you sell listed securities, 50% of the gain is taxable. However, when you contribute qualifying securities to Bethlehem, none of the gain is taxable. For example, if you donate securities that originally cost you \$4,000 and are now worth \$10,000 you recognize \$6,000 of capital gain but pay no tax on the gain.

Your donation receipt will be issued for the fair market value (FMV) of the securities on the date they are transferred to us. In computing the amount of your donation tax credit, you get the benefit of all of the capital gain appreciation that can now be applied to reduce taxes payable on other income.

The excess can be carried forward for up to five years. When you give appreciated property, your contribution limit may actually exceed 75 percent of net income, for you may claim up to 75 percent of your income from all other sources *plus* 100 percent of the taxable gain in your gift. Because of these provisions, you are always assured that your donation tax credit will exceed any tax owing on gifted assets, as the following example demonstrates:

### Example:

*Henry donates listed stock valued at \$20,000, which he had purchased for \$4,000. His capital gain is \$16,000, all of it exempt from taxation.*

*As a result, his gift contribution results in a tax credit of \$9,200 (\$20,000 x 46%), which he can use to offset taxes otherwise owing on other income this year.*