

## 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 **Red Roof Retreat**, your donation goes to work providing quality respite and recreational programs for children, youth and young adults with special needs, and their families in 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.

The choice is yours.

### Gifts of Cash

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

The donation tax credit means that your gift is worth more to us 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 often approximates 46% of your contribution. (For this reason, the following examples assume a combined credit of 46 percent for illustrative purposes.)

#### Example:

*Jack writes a cheque for \$1,000 to the Red Roof Retreat, but the net cost of the gift is only \$540, because his donation receipt for \$1,000 reduces his income taxes for that year by \$460.*

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

**Red Roof Retreat**  
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Charitable Registration #88759 2285 RR0001

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 percent of the gain is taxable. However, when you contribute qualifying securities to **Red Roof Retreat**, 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:

*Holly donates listed stock valued at \$2,000, which she had purchased for \$400. Her capital gain is \$1,600, all of it exempt from taxation.*

*As a result, her gift contribution results in a tax credit of \$920 (\$2,000 x 46%), which she can use to offset taxes otherwise owing on other income this year.*

**Outright gifts to Red Roof Retreat** – are gifts you can make not just with cash, but with other types of financial assets as well – and giving them may be easier than you imagined!

*This information does not constitute legal or financial advice and should not be relied upon as a substitute for appropriate counsel. We recommend that you seek professional legal, estate planning, and/or financial advice before deciding on a course of action.*

Great things grow under our roof

