

With legislative changes, the structure of charitable giving can be just as important as the amount that is given, both for TB Vets and for you. Your options are much broader than simply signing a cheque or leaving a lump sum of money in your Will.

Last month's issue of Future Keys looked at the second of 3 gift planning strategies that can help you to make a special gift to TB Vets more tax effective (Charitable Remainder Trust). Here is gift planning strategy number 3:

## IMPROVING YOUR GIFT OF "CASH"

Cash gifts make a huge difference to charities and the community. However, cash is not always the most tax-effective property to donate nor are fixed pledge periods always the best plan. If you are planning to make a current gift, consider giving appreciated publicly-listed securities or mutual funds instead.

In 1997, the government cut the normal inclusion rate in half for deemed gains arising from qualifying gifts to charities of publicly listed shares and mutual funds. Then in the October, 2000 federal Budget, the general capital gains inclusion rate for capital gains was reduced to 50% of the gain. The end result of combining these two provisions is that the inclusion rate is reduced to 25% on any capital gain that is realized when such shares or mutual funds are donated to a charity.

What does this mean? You can save tax of up to 11.5 cents extra on every dollar donated, depending on the cost base of the stock. In order for this reduced rate to apply, the actual securities must be donated to TB Vets. If they are sold first and cash is then gifted, the reduced rate will not apply.

Although regular, multi-year pledges remain a popular way to give, a gift made with appreciated stock should not necessarily be donated on a fixed schedule as the primary consideration of a stock gift is timing. It is best to transfer highly appreciated securities within a specific window of time. In some cases, this means

paying off the gift in one gift or spreading it out over a number of years on a schedule that is right for your portfolio and the ability to use all of the tax credits. Charities always like the certainty of a regular pledge, however they may benefit more by encouraging donors to make their gifts in this tax-wise fashion.

In many cases, a person needs professional advice to assist in assessing the options. Many people are unaware of the giving alternatives. Make sure that you are dealing with a professional who can provide you with the correct information that will relate specifically to your unique situation, and help you to make the most tax-effective gift possible.

### Starting Next Issue: "Charitable Giving and the Use of Annuities"

The information provided above is just one of the many ways you can provide a significant gift to your favourite charity. Please talk with a professional advisor to see what options are best for you.