

Charitable Giving with an Extra Tax Break

For many of us, giving is an important part to help build a better society. Our team is passionate about philanthropy and generally there are three ways people can give:

- 1. Time** (volunteering)
- 2. Talent** (sitting on a Board or committee)
- 3. Treasure** (donating cash or an investment)

Since 2015, our clients collectively have donated in excess of \$6.1 million! These funds have gone to so many worthwhile causes like cancer, education, pets, hospitals, hospice, Alzheimer's, food banks, churches and many more. We stay on top of this for our clients to help ensure they are maximizing all their tax credits.

Canadian income tax brackets typically range between 20%-54%. B.C. residents who have donated

more than \$200, can receive total charitable tax credits of approximately 45.8%. Furthermore, if you donate a profitable investment in-kind, you may be entitled to a zero-inclusion rate on any capital gains realized.

Here is an example of a B.C. donor with a net income of over \$100,000 who has already donated \$200 and would like to make another donation in the amount of \$10,000. They have the choice of writing a \$10,000 cheque or donating their shares that have appreciated in value to \$10,000 from their original cost (adjusted cost base) of \$2,000.

	Cheque for \$10,000	Shares with market value of \$10,000
Charitable Tax Credit 45.8%	-\$4,580	-\$4,580
<i>Capital Gain = \$10,000 - \$2,000 = \$8,000</i>		
<i>Taxable Capital Gain @ 50.0% = \$4,000</i>		
Potential Cost Difference \$4,000 x 38.3% = \$1,532		-\$1,532
Net Cost of Donation	=\$5,420	=\$3,888
Net Cost as a Percentage Given	54%	39%

*This chart is for illustrative purposes only

You may be surprised to learn that your actual out of pocket costs are significantly less than the actual donation amount. Even if the example was applied to an individual with a lower income for tax purposes, there may still be a savings by donating in-kind. It is worth adding that donating cash or appreciated securities may also be a benefit to a business or holding company. Please consult your tax advisors for information specific to your situation.

We hope to help each of you achieve your goals in the most tax efficient way which may involve philanthropic giving

We would like to leave you with this quote:

**"We make a LIVING by what we GET...
But we make a LIFE by what we GIVE."**
-Winston Churchill

Until next time... **Invest Well. Live Well.**



Heidi Bradley
BBA
Associate Investment Advisor
heidi.bradley@td.com
250-314-5128

Eric Davis
BBA, CIM®, PFP®
Senior Portfolio Manager
and Senior Investment Advisor
eric.davis@td.com
250-314-5120

Keith Davis
BBA, CFP®
Associate Investment Advisor
keith.davis@td.com
250-314-5124

TD Wealth Private Investment Advice

The views expressed are those of Eric Davis, Senior Portfolio Manager and Senior Investment Advisor, Keith Davis, Associate Investment Advisor, and Heidi Bradley, Associate Investment Advisor, of TD Wealth Private Investment Advice, as of December 1, 2025, and are subject to change based on market and other conditions.

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