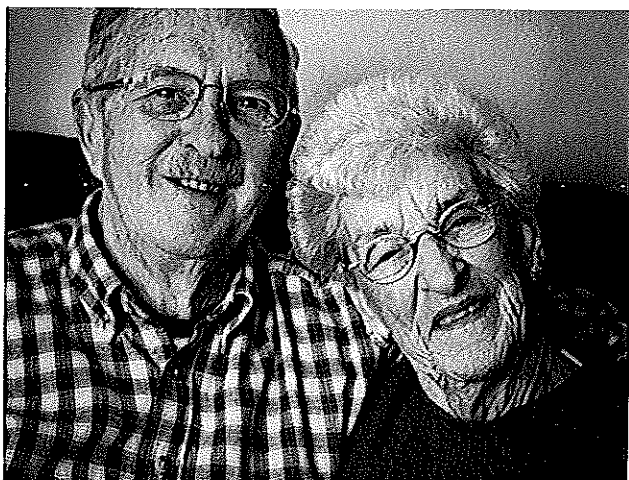


Outright Gifts



GIFTS OF CASH

Cash contributions—paid by cheque or credit card — are the choice of many donors to The Anglican Church of Canada. A cheque is considered to have been given on the day it was mailed, and a gift by credit card on the date the obligation was incurred.

The Canada Revenue Agency's (CRA) charitable donation tax credit means that your gift is worth more to the Church than its actual net cost to you. Each year a percentage of the value of your accumulated donation receipts —16 percent for the first \$200 and 29 percent thereafter — can be subtracted from the federal income tax you owe and reduces your provincial taxes as well. Depending on your provincial rate, the combined tax savings could be as much as 50 percent of your contribution. (The example, which follows, assume a combined credit of 45 percent.)

Sally T. writes a cheque for \$1000 to General Synod, but the net cost of the gift to her is only \$550, because her donation receipt for \$1000 reduces her income taxes for that year by \$450.

The maximum amount of contributions creditable in any one year is 75 percent of your net income. Any unused contributions can be carried forward and used in any of the next five years, again subject to the annual contribution limit.

GIFTS OF APPRECIATED PROPERTY

Non-cash assets, such as securities and real estate, are also suitable as outright gifts. In fact, recent Federal Budgets of 1997, 2000, and 2006, made gifts of listed securities particularly attractive.

The 1997 Budget introduced a special incentive to encourage gifts of listed securities: it reduced the amount of capital gain subject to tax by half. Since 75 percent of gain was taxed when the securities were sold, only 37.5 percent would be taxed when they were contributed.

Then under the 2000 Budget, the amount of gain taxed when property is sold was reduced to 50 percent. This means that only 25 percent of the gain was then taxed when listed securities were contributed. (Note: Listed securities include stocks and bonds traded on Canadian and many foreign exchanges and also mutual fund units.)

Up until the May 2, 2006 Federal Budget, 25 percent of capital gains was still subject to tax. However, the donor received a donation receipt for the fair market value of the securities. Thus a contribution of securities always resulted in tax savings.

Since May 2, 2006 there is no tax payable on capital gains for gifts of listed securities. Instead,

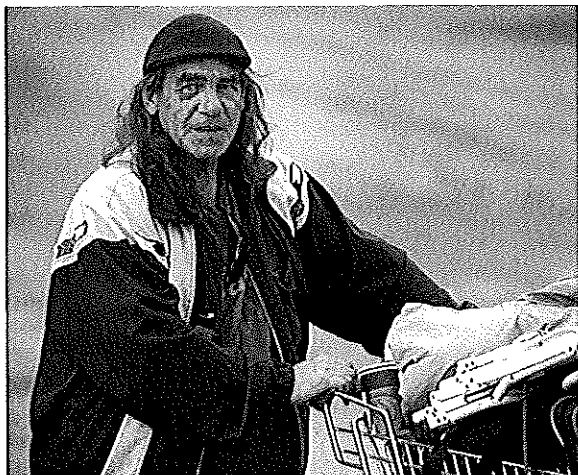


donors now receive a donation receipt for the full market value of the gift. To qualify for special tax treatment, the securities must be contributed in-kind to a public charity such as the Anglican Church of Canada.

Here is an example of how gifts of cash and securities may make a very significant difference in tax savings:

William donates listed stock valued at \$120,000 which he had purchased for \$20,000. His capital gain is \$100,000. If he contributed the shares in-kind to the Church, there would be no taxable gain. Instead, he would receive a donation receipt for the full market value of \$120,000. Assuming a combined tax rate of 50%, William would have a tax credit of \$60,000 (donation x 50%) and net tax savings of \$60,000.

Suppose William simply sold the securities instead of contributing them in-kind and then made a cash contribution to the Church. He would have to pay tax (\$25,000) on half of his capital gain, that is, on \$50,000. He would receive a donation receipt for his cash gift of \$120,000 but his tax payable on the gain would reduce his tax savings to \$35,000 rather than \$60,000 in the first illustration.



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Outright Gifts

When you make an "outright gift" of cash or property to The Anglican Church of Canada, every dollar goes to work the moment it is given, providing vital current support for the ministry and programme of the Church, or generating ongoing endowment income. An outright gift gives you the satisfaction of seeing your gift at work and knowing that lives are being touched right now because you cared.

*"One aspect of neighbourly love
is that we must not merely
will our neighbours good,
but actually work
to bring it about."*

Thomas Aquinas

The information in this document does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice. The Anglican Church of Canada encourages you to seek qualified legal, estate planning, and financial advice before deciding on a course of action.