

# Charitable Gifts of Securities



Carleton  
UNIVERSITY

Canada's Capital University



*Donating appreciated securities is simple, cost-effective and the most tax-efficient way to make a charitable gift. You can use any of the following securities: prescribed bonds, units of mutual funds, exchange traded funds (ETFs), shares, flow through shares, warrants, bills and futures that are listed on the stock exchanges prescribed by Canada Revenue Agency.*

## Tax Advantages

You are not required to declare capital gains income on securities that have been donated to charity. The entire amount of the donation results in a tax credit that may be used to offset other taxable income.

## Your Donation Costs Less

If you donate stocks that are now worth \$10,000 and you paid \$5,000 to buy them what will your donation really cost? Look at the illustration on Page 3 and you will be pleasantly surprised. In addition to the tax savings, stockbrokers do not charge fees for transferring ownership of securities.

## How to Make a Gift of Securities

Whether the securities are held as paper certificates, in a brokerage account or as an ETF, it is important to know that the ownership of the shares must be transferred. You/your broker can not sell them first to realize the tax benefits of donating shares:

1. Have your broker transfer your shares electronically to our broker CIBC Mellon Global Securities (Letter of Direction, **FORM 1**);
2. Securities that are held within a trust or held in dividend reinvestment plans may require the additional step of certificating the stock in your name

before the transfer can be completed to Carleton University;

3. If you hold share certificates in paper form, call the Personal and Planned Giving team for the appropriate forms and instructions on how to make a donation of stock certificates.

### How to Make a Gift of Mutual Funds

If you hold mutual funds in an account with a major brokerage firm, or if they are held in connection with a mutual fund broker/dealer, you may have your mutual funds transferred to Carleton University through our account with Scotia iTrade (see attached **FORM 2**). Donations of mutual funds take longer to transact than gifts of stocks due to the additional steps needed to transfer ownership. The fund company may require you to sign a fund company disclaimer. Contact your broker/dealer to obtain the required form for your signature.

### A Gift of Exchange Traded Funds (ETFs)

ETFs are mutual funds that trade like stocks. Considered a marketable security, they track indices such

as the S&P 500, and trade on any stock exchange. ETFs provide the diversification of an index fund with lower costs than the average mutual fund, although unlike mutual funds whose prices are set at the close of each trading day, ETFs experience price changes throughout the day as they are bought and sold. Because of their similarity to stocks, they share the same tax-efficient benefits when being donated for charitable purposes. You will not be required to declare any gains on ETFs nor pay any tax. Use **FORM 2** to complete transfer of ownership of ETFs as a gift to Carleton University.

### Valuation of Your Gift

Valuation of your gift is based on the closing price of the security on the day that it is received by the University. If there is no selling price on that day, the value on the last preceding day for which there was a closing price will determine the value of the gifted stock for receipting purposes.

**What Happens When We Receive the Stocks?**

Under normal circumstances, stocks will be sold immediately. Thinly traded shares and flow through shares will be held only as long as it takes to sell them.

**A Satisfying Gift**

A gift of securities should bring you great satisfaction and the knowledge that you have made a sound investment in the future of Carleton University. Your gift will provide more opportunities for higher education and inspire the bright minds of future generations. Your cost to make the donation will be considerably less than any other means of payment.

<b>ILLUSTRATION OF TAX SAVINGS</b>		
	<b>SELL STOCK DONATE CASH</b>	<b>DONATE STOCK TO CARLETON</b>
Fair market value of stock	\$10,000	\$10,000
Cost basis	\$5,000	\$5,000
Taxable capital gain realized	\$2,500	\$0
Tax due on capital gain*	\$1,250	\$0
Charitable gift receipt amount	\$10,000	\$10,000
Charitable tax credit*	\$5,000	\$5,000
After tax cost of giving \$10,000	\$6,250	\$5,000

\* assumes approximate tax rate of 50% and other charitable gifts of \$200.



## FORM 2



Canada's Capital University

**PROCEDURE FOR MUTUAL FUND TRANSFER  
TO CARLETON UNIVERSITY  
Charitable Registration # 11883 8937 RR0001**

When donating mutual funds to Carleton University, Scotia iTrade must be advised of the donation. The donor's broker may do so by calling:

**1-888-872-3388**

Scotia iTrade  
40 King Street West, 15th Floor  
Toronto, ON M5H 1H1

The broker will be provided a form to fill out, and should reference the following account information:

Account Number: 57261148-11  
Transit Number: 75168  
Account Name: Carleton University

Should any problems be encountered in connection with a mutual fund transfer, please instruct broker to contact:

Steph Weatherall  
Gifts Administration Officer  
Carleton University  
1125 Colonel By Drive  
Ottawa, ON K1S 5B6  
Tel (613) 520-2600 ext. 1698  
Fax (613) 520-3587  
stephanie.weatherall@carleton.ca

or

Personal and Planned Giving  
Carleton University  
1125 Colonel By Drive  
Ottawa, ON K1S 5B6  
Tel (613) 520-3636  
Fax (613) 520-3587  
plannedgiving@carleton.ca

For more information, please call, email or write to:

**Holly Greatrex** **Stefanie McLean**

**Personal and Planned Giving**

Carleton University | 4104 HCI | 1125 Colonel By Drive  
Ottawa, Canada K1S 5B6

Email: [plannedgiving@carleton.ca](mailto:plannedgiving@carleton.ca)

Website: [carleton.ca/planforgood](http://carleton.ca/planforgood)

Office: 613-520-3636

**TOGETHER FOR GOOD**



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This brochure is not intended, nor should it be relied upon, to replace specific professional advice. Before acting on material contained herein, readers should seek advice that is appropriate to their personal circumstances from a professional advisor.