

3 Ways to Donate to Charity

By Current Wealth Advisors



It's easy to donate cash, but there are a few other ways. These won't apply for everyone, but they can come with huge tax benefits in the right situation. Exact tax rules vary by province. This guide is for a Manitoban with \$100,000 of income who wants to donate **\$5,000 each year**.

Good – Donate Cash

Cash donations can be more than just dollar bills. It can be any cash-like donation including a cheque, e-transfer, credit card, or an online payment.

Donation Cost

Tax Benefit:

\$2,720

1. You get a tax credit of around 45% of the amount you donate.

This reduces federal and provincial taxes by a combined \$2,280. The exact amount of the credit depends on your circumstances, but 45% is a good rule.

Better – Donate assets that have increased in value

If you have \$5,000 of Apple shares which have doubled since you bought them, you could donate cash, but donating the shares is better because the CRA forgives capital gains tax on securities donated to charity.

Donation Cost

\$2,720

This saves another \$474 in taxes and you can buy back the shares later.

PLUS don't pay

Tax Benefits:

\$474 in capital gains tax

1. You get a tax credit of around 45% of the amount you donate.
2. You do not have to pay capital gains tax on securities you donate.

Best – Create your own Donor Advised Fund

Good & Better deal with one-time donations. If you want make a \$5,000 donation every year and you have \$100,000 of Apple shares with a large capital gain, starting a Donor Advised Fund might be the best strategy.

Annual Donation Cost

\$2,720

Tax Benefits:

PLUS don't pay \$474 in capital gains tax

1. You get a tax credit of about 45% of the amount you donate to the DAF.
2. You do not have to pay capital gains tax on securities you donate.
3. Investments in a DAF grow TAX FREE until you give them to charity.

PLUS save thousands on investment tax in the future

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