

Charitable Giving Example

This example illustrates the benefits of donating appreciated securities directly to Zareinu Educational Centre as opposed to selling the securities and donating the proceeds.

	Sell stock & donate proceeds to Zareinu	Donate stock directly to Zareinu
Fair market value of stock and amount of tax receipt	\$25,000	\$25,000
Cost Base	\$5,000	\$5,000
Capital gain realized	\$20,000	\$20,000
Taxable amount of capital gain	\$10,000 (50% of gain)	0
Tax due on gain (A)	\$5,000 (50% of \$10,000)	0
Tax credit on gift (B) (50% of \$25,000)	\$12,500	\$12,500
Net Tax Savings (B-A)	\$7,500	\$12,500

* Please note: This example assumes a tax rate of 50% for ease of illustration. Your tax rate may be different

In both examples, Zareinu receives \$25,000. However, the donor has a net tax savings of \$12,500 versus \$7,500 by donating the securities directly to Zareinu.