

DONATING CASH

The most common giving method Canadians use is simple cash gifts.

Advantages

Gifts of cash can easily be donated to charities in response to fundraising appeals. The immediate advantage to donating cash is that it is easy to provide, involves little in the way of planning and the charity receives an immediate benefit.

Other Positives For the Donor ...

- No costs for the donation
- No future obligations
- The donor receives a tax credit

Positives For the Charity...

- Immediate access to funds
- The gift is easy to use.
- It can be used as necessary

Issues to consider

Cash donations may not be the most tax-advantaged way for donors to give. The donor has little input for its use. A cash gift lowers current income and savings rather than deferring the payment to a future date. This can affect the amount that many donors can afford to give.

For individuals looking to leave a lasting legacy after their deaths, recommends a more planned approach is recommended. This way, the donor can ensure they maximize the benefits to the charity and receiving significant tax and estate benefits of their own.

Example:

Mr. Smith has \$400.00 of donations and Mrs. Smith has \$100.00 of donations. If they claimed them separately, they would receive a federal credit of \$106.00 ($\$200 \times 16\% + \$200 \times 29\% + \$100 \times 16\%$). However, if they claimed all the donations on one tax return, they would receive a federal credit of \$119.00 ($\$200 \times 16\% + \$300 \times 29\%$).

Tips

Ensure that the organization is a registered charity by asking for their registration number.

Married and common law couples can pool their donation. This will help avoid having two \$200.00 "thresholds" and maximize their tax credits.

Defer claiming smaller amounts and carry them forward where they exceed \$200.00 and maximize their tax advantage.