

# Canadians glad to give

BY PAUL BRENT

**W**hen it comes to charitable giving, Canadians are among the world's leaders. And the amounts contributed to non-profits is only expected to grow in coming years because of recent tax changes and the coming retirement of the Baby Boomer demographic.

As a whole, Canadians donated an estimated \$8.9-billion in 2004, according to the latest figures compiled by Statistics Canada. The federal agency calculated that 22 million people, or 85% of the population aged 15 and up, donated an average of \$400 each over a one-year period. StatsCan also concluded that rates of donation were higher than in prior surveys.

"Certainly our gifts have been steadily increasing each year," says Jo-Anne Ryan, vice-president, philanthropic

advisory services, with TD Waterhouse. "We don't donate as much as our friends south of the border but we also have different tax rules. They have estate taxes, so there is a little bit more of a motivation to give assets away."

Ms. Ryan and others involved in charitable giving note that the federal government's decision to eliminate capital gains tax on charitable gifts of securities has resulted in a sharp increase in donations to charities. "That

change certainly helped spur a lot of gifts," she says.

Rather than hold on to stock with appreciable capital gains because they were unwilling or unable to take the tax hit, the tax change has allowed many Canadians to donate to their favorite charities without negatively affecting their tax bill.

A research report from non-profit sector advocate Imagine Canada found that "the number and total value of donations of securities increased significantly" in 2006 after the change in tax treatment. Based upon a survey of 245 charitable organizations, it found that the number of stock donations by Canadians doubled and that the value of those individual donations of securities doubled as well.

"We are just seeing the tip of the iceberg," says Michael Nilsen, a spokesman with the Association of Fundraising Professionals. "More and more [non-profit] organizations are developing programs to attract and accept these types of donations."

The non-profit sector is finding that fewer, bigger donors are becoming increasingly important. "According to the [Canada Revenue Agency] data, the number of donors decreased a little bit and that is a little bit concerning," Mr. Nilsen says. That has been offset by larger charitable gifts by the group of top givers. "Major gifts have become one of the most important parts of philanthropy of late," he says. "There are fewer donors, giving more."

He says that despite the gloomy economic news of late, the Boomers and the generation before them have enjoyed

unrivalled prosperity and economic growth. "So much wealth has been created, and there is so much more of a public spotlight now on giving and how important it is to give, [that] major gifts have become the most important part of charitable operations every day."

So who are these big fish in the charitable pond? Statistics Canada has found they tend to be older, richer and better educated. It adds in those who are employed or widowed, or regularly attend religious services as top donors. This relatively small group of top donors provides the majority of the financial support to charities: The top one-quarter of donors (21% of Canadians) gave \$325 or more dur-

ing 2004 and accounted for 82% of the value of all donations, the survey showed.

One of those helping the well-heeled give more to worthy causes is Peter Nicholson, president of Ottawa's investment firm Wealth Creation Preservation & Donation Inc. "I have a team of 10, they continue to do my investments and my insurance work that we have been doing since 1987, but my thrust for the last two years has been going across Canada and trying to help clients give more to their

favorite charity using stock," he says. "I really preach that whether you pay the charity or whether you pay tax to CRA, it is all going to the good of society," Mr. Nicholson says. "I think the charity is actually more productive than government expenditures. It is not the fault of politicians or bureaucrats ... It is just the love and attention that is on a charitable dollar is so much greater and accountability [to] the donor than a bureaucrat or a politician could ever do."

In his experience, Mr. Nicholson has found that people typically donate based on emotion, not cold, hard financial calculation. "The last reason that someone is going to give is because they are going to get a tax break. I show clients how they should give but prior to me showing you how, there has to be a 'why' and a 'who,' and that is all done on emotion."

According to StatsCan, religious organizations are the major beneficiaries of total donations. In 2004, religious groups received nearly \$4-billion or \$395 per donor, accounting for about 45% of total charitable donations that year. The agency found that health-based organizations received the second-largest slice of funds, more than \$1.2-billion or 14% of the total given.

While religious groups dominated in terms of dollars collected, other organizations were found to have a wide base of support. Nearly six out of 10 Canadians made donations to health-based groups, 43% donated to social service agencies and 38% donated to religious organizations.

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