



One Donation. Greater Impact.

Making Your Giving Go Further

Many donors spend significant time deciding which charities to support, but far fewer consider how they give. Yet the structure of a donation can be just as important as the charity receiving it.

At the Fiera Capital Foundation (the Fiera Foundation), we believe thoughtful planning can help generous donors maximize the impact of their philanthropy. By giving strategically, whether through an upfront contribution, donating appreciated securities or allowing charitable assets to grow before being distributed, donors may be able to support more causes over time without increasing the amount they donate.

In this edition, we explore how the timing and structure of charitable giving can potentially transform one donation into a lasting charitable legacy.

A Tale of Two Donations

Let’s consider two donors, each committed to supporting charitable causes with a total of \$250,000 over the next ten years.

Donor A

Makes annual cash donations of \$25,000 each year.

Donor B

Contributes \$250,000 upfront to a Donor Advised Fund (DAF) and recommends grants of \$25,000 per year to the same charities. In the meantime, the remaining assets continue to be invested within the fund.

At the end of ten years, both donors have directed \$250,000 to charity.

However, assuming a 6% average annual return, Donor B’s fund would still hold approximately \$116,000 that could be distributed to charities in the future.

The lesson is simple: by establishing charitable capital earlier, donors may be able to increase the long-term impact of their giving while continuing to support the same organizations and causes.



The Impact of Starting Earlier

	Donor A	Donor B
Annual Grants to Charity	\$25,000	\$25,000
Total Grants After 10 Years	\$250,000	\$250,000
Remaining Charitable Capital	\$0	~\$116,000
Total Potential Charitable Impact	\$250,000	~\$366,000

This example is provided for illustrative purposes only. Actual investment returns will vary and are not guaranteed.

Why Does the Difference Occur?

A Donor Advised Fund allows charitable assets to remain invested after they are donated. Grants can continue to be made each year and the remaining balance has the potential to grow tax-free until it is distributed to charities.

As a result, a donor may be able to support the same charities with the same annual grants while still maintaining charitable capital for future giving. Investment returns are never guaranteed, but this ability to invest charitable assets is one reason many donors choose to establish a Donor Advised Fund when making larger charitable contributions.

While starting earlier may increase the long-term impact of charitable capital, there may be another opportunity to enhance the effectiveness of a donation from day one.



An Even Greater Opportunity: Donating Securities Instead of Cash

The benefits can become even more significant when appreciated securities are used to fund a Donor Advised Fund.

For example, imagine a donor owns publicly traded shares worth \$250,000 with a cost base of \$100,000.

By donating the shares directly to a Donor Advised Fund rather than selling them first and donating cash, the donor may:

- Receive a charitable **tax receipt** for the full market value of the securities
- **Eliminate tax** on the accrued capital gain (potential tax savings approximately \$35,000 – \$40,000 for an individual at the highest marginal tax rate)
- **Put the full \$250,000** to work supporting future charitable causes

For many donors, this combination of tax efficiency and long-term growth potential can significantly increase the amount ultimately available for charitable giving. The charitable impact may remain the same, but the after-tax cost of achieving that impact can be substantially lower.

Whether through an upfront contribution, donating appreciated securities or establishing a long-term charitable giving plan, thoughtful structuring can significantly increase the impact of your philanthropy while helping create a lasting charitable legacy.

If you have any questions about the Fiera Foundation or Donor Advised Funds, please reach out to your Investment Counsellor.

Why use a Donor Advised Fund?



Tax Benefits

Contributions to a DAF are treated as donations and are eligible for a charitable receipt. This can be a powerful tax planning tool for individuals who are looking to maximize their charitable contributions each year and offset capital gains or other taxes owing.



Flexibility

Donors can contribute to a foundation at any time (either personally or through a corporation), manage their charitable giving and receive reports on the fund balance. While DAFs must donate a portion of their assets annually (minimum disbursement ranges from 3.5% – 5%), most of the DAF assets can grow tax-free for years before you choose to donate them. This helps to increase the amount that can be directed to charities over time.



Simplicity

A Donor Advised Fund offers an easy and efficient way to give to charitable organizations by making one donation with multiple charitable disbursements. Additionally, the issuance of tax receipts, donation tracking, and regulatory obligations are all handled on behalf of the donors.



Privacy

Large charitable donations are often publicized, which can attract unwanted attention to donors, including solicitation and other requests. However, when donations are made through a Donor Advised Fund, the identity of the account holder can remain confidential. Many donors prefer to stay anonymous for various reasons while still supporting their favorite charities.



Time-Sensitive Events

A DAF is similar to a private foundation in that it allows families to support charities over many years, but a DAF is much simpler to establish, with the application and setup taking only a few business days. This makes a DAF perfect during time-sensitive events like selling a business or property, especially near the end of the tax year.



Legacy

Donor Advised Funds also assist in the reinforcement of the values you pass on to future generations, as multiple children and grandchildren can be involved in the growth and development of one's DAF, recognizing the importance of giving back to society.

Importantly, the Foundation provides an opportunity for you to decide how you want to be managed well into the future. By implementing a long-term giving plan, the impact of your donations will multiply and create a powerful legacy.



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