

Charitable Donations – Advantage to the middle class donor

When we are presenting at our monthly philanthropy sessions at Kerby Centre one of the first questions we ask is, “When we say the word Philanthropy....what is it that comes to mind?” Without exception the first comment we get back is: “Philanthropy is for the wealthy”, or “I wish I could be philanthropic, but I’m not wealthy”.

The word Philanthropy comes from the Greek words Philein and Andropos. Philein translates as “to love” and Andropos means “mankind”. Philanthropy literally means “to love mankind” and regardless of our wealth we can love mankind and become strategic in our philanthropy.

Last month’s article in Philanthropy Corner illustrated our Alberta Advantage and talked about the 50% tax credit Alberta tax payers receive on charitable donations.

Pa Philein (age 70) was talking to his grandson Mark Philein (age 30) about his recent donation to Kerby Centre and how he received a tax credit of 50%. Mark was saying he can’t wait until he has sufficient income and wealth to make more donations and take advantage of the Governments matched charity tax credit.

Pa went on to explain that, that attitude was not taking into consideration the huge tax concession that is given to the lower income earners. Mark, not sure what he was talking about asked. “What tax concessions, we all get the same 50% tax credit, don’t we?”

“Yes we all receive the same 50% credit”, says Pa “The difference is that we are all paying taxes at a different rate. Canada has a graduated tax system that charges a tax payer a higher tax the greater their income. For instance, I earned \$70,000 last year and paid tax at an effective rate of 23.3%, your Dad earned \$100,000 and he paid tax at a rate of 26.7%.”

Mark commented that he had earned \$50,000 last year and paid taxes at 19.8%. Pa Philein then summarized by saying that, “In Alberta the highest income earners pay tax at 39% (lowest in Canada) and still receive the same 50% tax credit (highest in Canada).”

Pa Philein was on a roll now, “Mark making donations and supporting good causes in your community can be achieved by all, at their own level of support; the tax system supports the little guy as well. It is really based on your personal beliefs and values and not the tax system...but keep in mind we all owe it to ourselves to give back to those that need our help. The Tax man is doing his part, now we need to do our part.”

Marks parting comments, “Thanks Grandpa, I wasn’t aware of the commitment our government has made to supporting tax payers and the charities that are so important to our communities....thanks again for your legacy of carrying.”

If you wish to learn more you are invited to attend our next Philanthropy session on Sept 20th or Oct 18. Call Helene Nicholson at 403-705-3235 if you wish to attend.