

FIVE BIG MYTHS OF GENEROSITY

BY DAVID BARKER



Philanthropy and generosity are still making headlines amidst the challenges of 2020. Every week, it seems some multibillionaire is donating another massive cheque to charity. These high-profile donations are a fantastic boost for the causes they support, but they can sometimes unintentionally reinforce myths about charitable giving.

Through my work at Abundance Canada, I help generous people of all ages and income brackets support their favourite charities. I get to see the true nature of generosity every day, and I want to debunk some popular myths about giving.

Myth #1: Philanthropy is for the Wealthy

The media focus on large donations can create the impression that unless your donation ends in many zeroes it is not philanthropy. The reality is that most Canadian charities depend on a steady flow of monthly or annual donations. In fact, the average percentage of annual income donated by individuals decreases as household income increases. In other words, people with lower household incomes tend to donate a higher percentage of their income than higher income earners.

The truth is that generosity is a state of mind and bears no relationship to the size of one's donations. I can't recall ever hearing about a charity that returned a donation because it was too small. Whatever a person can afford to give, they should freely give; and it will be valued and appreciated by the charity that receives the donation.

Myth #2: Generosity Means Writing a Cheque

Although people tend to associate charitable giving with writing a cheque or donating online, supporting your favourite causes is not limited to giving cash. Over the past ten years donations of publicly traded stocks, bonds, mutual funds, and ETFs have made up more than half of Abundance Canada's annual receipted donations.

A growing percentage of Canada's donors have these assets in their non-registered portfolios. These securities can be donated to charity in a very tax efficient manner.

When you donate publicly traded securities, you not only receive a receipt for the donation, the taxable capital gain is reduced from 50% to zero percent. These securities must be held outside of an RRSP, RRIF or TFSA to qualify. Donations of publicly traded securities by corporations and holding companies realize the same tax efficiency and some additional corporate benefits.

Other possible non-cash donations include gifts to charity through a will, naming a charity or charities as the beneficiary of

RRSP/RRIF or TFSA assets, donating life insurance, or donating private company shares.

Myth #3: Giving Should Come from One's Excess

The conventional hierarchy of household finances is to "spend, save, and share". Living expenses usually take the top spot and excess income, if any, is divided between savings and charity. What if we flipped that hierarchy upside down?

Truly generous people give first, save second, and spend the remainder on lifestyle.

Myth #4: Generosity is About Money

Earlier, I mentioned that generosity is a state of mind. This generous mindset changes how we view the world and impacts all areas of our lives. That means that generous giving is not limited to donating money.

Generosity includes thinking of others beyond ourselves, choosing kindness, and pitching in when others need help. Charities in Canada are often looking for volunteers to help with a variety of different tasks. Where can you give your time and talents?

Many clients over the years have told me that adopting a generosity mindset helped free them from anxiety around accumulating and holding onto enough money. Practicing freely giving their time and money actually brought them greater peace of mind.

Myth #5: My Giving Won't Make a Difference

From time to time I hear people dismiss opportunities to give because they think their gift won't make a difference. However, any gift, large or small, can help accomplish big goals.

Of course, people want to know that the money they are giving is going to good use. Impact is important. That is why every Generosity Plan™ starts with a careful examination of the causes and charities an individual wishes to support.

I do not tell my clients where to donate, but we do have an honest and open conversation about why they want to give and how to best make their hopes a reality. What are you passionate about?

A Generosity Plan™ with Abundance Canada can help individuals of all ages and incomes build a personalized giving strategy to support the charities they care about at every stage of life.

Contrary to the popular myth, philanthropy is not limited to millionaires, cash donations, or just giving from your excess. You can make a difference right now just by giving what you can and exploring the best way to give. Those are the first steps in developing and implementing a Generosity Plan™ to put your generosity mindset into action.

David Barker is a gift planning consultant with Abundance Canada. Since 1974, Abundance Canada, a registered public foundation, has been helping people to support the causes they care about during their life and beyond, in a tax efficient way. To learn more about creating a Generosity Plan™ call 1.800.772.3257 or visit abundance.ca.

