

## Planned and Legacy Giving Options\*

\*Source: Minton & Somers, *Planned Giving for Canadians, Third Edition (Adapted and revised)*

Type of Gift	Benefits to Charitable Organizations	Benefits to the Donor	Gift Example	Most Appropriate For
<a href="#"><u>Gift of cash</u></a>	<ul style="list-style-type: none"> <li>▫ Available for immediate use</li> <li>▫ Liquid</li> <li>▫ No risk</li> </ul>	<ul style="list-style-type: none"> <li>▫ Donation receipt for full amount</li> <li>▫ Straightforward transactions</li> <li>▫ Satisfaction of seeing gift at work today</li> </ul>	<ul style="list-style-type: none"> <li>▫ Cash</li> <li>▫ Cheque</li> <li>▫ Credit Card</li> <li>▫ Pre-Authorized Contributions (PAC), usually paid monthly</li> </ul>	Everyone (any age) who can afford to give up some principal and the interest it would otherwise earn
<a href="#"><u>A Gift of Publicly Listed Securities</u></a> (including segregated & mutual fund units)	<ul style="list-style-type: none"> <li>▫ Immediate Use</li> <li>▫ Liquid</li> <li>▫ Little risk</li> <li>▫ Generally simple and low cost to implement</li> </ul>	<ul style="list-style-type: none"> <li>▫ Donation receipt for fair market value</li> <li>▫ No capital gains tax</li> <li>▫ Satisfaction of seeing gift at work today</li> </ul>	<ul style="list-style-type: none"> <li>▫ Stocks</li> <li>▫ Bonds</li> <li>▫ Mutual Fund Units</li> <li>▫ Employee Stock Option Shares</li> </ul>	Owners (any age) of stocks, bonds and other securities who can afford to give the asset and the interest or dividends it earns
<a href="#"><u>Life Insurance Policy</u></a> (Charity named as owner and irrevocable beneficiary)	Immediate access to cash value, assurance of death proceeds if policy retained (Term policies are often not retained as donor gets older)	Donation receipt for cash value and any future premiums paid. Small current outlay leveraged into larger future gift.	<ul style="list-style-type: none"> <li>▫ Any whole life policy (participating or universal)</li> <li>▫ Term policy (personal)</li> </ul>	Persons (generally ages 30- 60) who i) have an older policy no longer needed, or ii) want to make a large gift but have limited resources
<a href="#"><u>Life Insurance</u></a> (Charity named as beneficiary but not owner)	Will receive death proceeds unless donor changes beneficiary designation	<ul style="list-style-type: none"> <li>▫ Satisfaction of providing a future gift while retaining full control of policy</li> <li>▫ Donation receipt to estate for full value of death proceeds</li> </ul>	Any type of life insurance policy	Persons (any age) whose personal needs and family situation may be subject to change
<a href="#"><u>Bequest of Retirement Plan Accumulation</u></a>	Future gift provided beneficiary designation (s) and/ or bequest wording are not changed	<ul style="list-style-type: none"> <li>▫ Satisfaction of providing a possible future gift while preserving personal security</li> <li>▫ Gift receipt that offsets tax on distribution of retirement funds</li> </ul>	Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) accumulations	All individuals, but especially single persons, and surviving spouses who have made other provisions for heirs

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<a href="#"><u>Bequest by Will</u></a>	Expectancy of future gift provided that bequest wording is not changed	<ul style="list-style-type: none"> <li>▫ Satisfaction of providing for future gift while retaining full control of property</li> <li>▫ Donation receipt for use with final income tax return (for deaths after 2016 there is greater flexibility in use of the charitable tax credit)</li> <li>▫ For bequest of listed securities, no capital gain tax, for most other property 50% of capital gain will be taxable but can be offset by tax credit from gift, likely resulting in tax savings to estate.</li> </ul>	Cash, securities, real estate, tangible personal property	All individuals (any age), but especially older persons with few or no heirs

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<a href="#"><u>Shares in a Privately-Owned Corporation</u></a>	<ul style="list-style-type: none"> <li>▫ Public charity - Donation receipt for appraised market value at time of gift, issued immediately (if gift to public charity)</li> <li>▫ Private Foundation - Donation receipt issued only when foundation sells shares. Receipt value is the lesser of amount realized by foundation and the fair market value at time of gift.</li> <li>▫ 50% of capital gain taxable, offset by tax credit from donation receipt</li> </ul>	<ul style="list-style-type: none"> <li>▫ Public charity - Donation receipt for appraised market value at time of gift, issued immediately (if gift to public charity)</li> <li>▫ Private Foundation - Donation receipt issued only when foundation sells shares. Receipt value is the lesser of amount realized by foundation and the fair market value at time of gift.</li> <li>▫ 50% of capital gain taxable, offset by tax credit from donation receipt</li> </ul>	Shares held in privately- owned corporation	<ul style="list-style-type: none"> <li>▫ Entrepreneurs who are philanthropic</li> <li>▫ Venture philanthropists</li> </ul>
<a href="#"><u>Gift of Real Estate</u></a>	<ul style="list-style-type: none"> <li>▫ Proceeds available as soon as property is sold</li> <li>▫ Sometimes property itself can be retained and used. Valuation and ongoing maintenance considerations can add complexity to gift administration</li> </ul>	<ul style="list-style-type: none"> <li>▫ Donation receipt for fair market value (FMV) determined by appraisal (independently obtained by charity)</li> <li>▫ 50% of gain taxable, (unless property is donor's primary residence, in which case no taxable capital gain), offset by tax credit from donation receipt</li> </ul>	Real estate including principal residence, vacation properties, and investment properties	Owners (generally over 50) of a principal residence or investment property who do not need the property or the proceeds from its sale

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<p><a href="#"><u>Gifts of Tangible Personal Property</u></a> (other than cultural property)</p>	<ul style="list-style-type: none"> <li>▫ Can be retained or sold and proceeds used for current needs</li> <li>▫ Decisions to retain assets warrant careful consideration, in light of implications for valuation and usefulness for charitable purposes, and ability to issue donation receipt</li> </ul>	<ul style="list-style-type: none"> <li>▫ Donation receipt (if applicable*) for fair market value determined by appraisal</li> <li>▫ 50% of gain taxable, offset by tax credit from donation. Satisfaction of seeing gift at work now or in near term</li> </ul>	<p>Artworks, furniture, equipment, collections, automobiles, musical instruments</p>	<p>Owners (generally over age 50) of objects which they no longer intend to use</p>
<p><a href="#"><u>Charitable Remainder Trust (CRT)</u></a></p>	<ul style="list-style-type: none"> <li>▫ Irrevocable future gift of remaining trust assets</li> <li>▫ While often complex to administer, can be a highly effective gift planning instrument in selected circumstances</li> <li>▫ Trust cannot allow encroachment of capital or guaranteed income</li> </ul>	<ul style="list-style-type: none"> <li>▫ Net income from property for life or a term of years</li> <li>▫ May result in donation receipt for present value of the remainder interest issued at time trust established</li> <li>▫ Property not subject to probate</li> </ul>	<p>Cash, securities, real estate</p>	<p>Persons (generally over age 60) who want to make a future gift and obtain present tax relief but want to preserve investment income for themselves and/or a survivor</p>

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<a href="#"><u>Gift of Residual Interest in Real Estate or Artworks</u></a>	Irrevocable future gift of property	<ul style="list-style-type: none"> <li>▫ Ability to continue using property for life or term of years</li> <li>▫ Donation receipt for present value of residual interest issued at time of gift</li> <li>▫ Avoidance of tax of a portion of capital gain if donor retains life interest</li> <li>▫ Property not subject to probate</li> </ul>	Principal residence, other real estate, artworks	Persons (generally over age 60) who otherwise would give the property under their will
<b>Outright Gift of Certified Cultural Property</b>	Immediately added to collection and available for display or exhibition	<ul style="list-style-type: none"> <li>▫ Donation receipt for fair market value determined by appraisal</li> <li>▫ 100% contribution limit</li> <li>▫ No tax on capital gain</li> <li>▫ Satisfaction of preserving property of national significance</li> </ul>	Artworks, collections, artifacts or historic structures certified by Cultural Property Review Board (CPRB)	Owners (generally over age 50) of cultural treasures who would like to preserve the property within Canada
<b>Interest-free Loan</b> (normally payable on demand)	<ul style="list-style-type: none"> <li>▫ Provides capital for building or investment without interest cost</li> <li>▫ Public and community foundations are not currently eligible for these gifts due to debt restrictions under the Income Tax Act</li> </ul>	<ul style="list-style-type: none"> <li>▫ Principal is recoverable</li> <li>▫ Interest earned on loaned funds not taxable to donor</li> <li>▫ Satisfaction of helping charity today</li> </ul>	Cash and cash equivalents	Persons (any age) who have more than enough current income but want to preserve all principal for their own future security and/or heirs

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<b>Charitable Gift Annuity* (self insured)</b>	Irrevocable gift of whatever principal remains after making required payments	<ul style="list-style-type: none"> <li>▫ Guaranteed life payments, all or substantially tax-free</li> <li>▫ A donation receipt for a portion of contribution</li> </ul>	Cash or marketable securities	Oldest donors (usually 65 and older) who want the security of guaranteed income payments
<p><b>*Note:</b> Only charities designated as charitable organizations (i.e. not public or private foundations) and authorized under provincial law, may currently issue gift annuities. Consequently, this option is not available through the PPCLI Foundation; however a reinsured charitable gift annuity can be arranged.</p>				
<b><u>Charitable Gift Annuity</u></b> (reinsured)	Irrevocable gift of that portion of the contribution retained after purchasing commercial annuity	<ul style="list-style-type: none"> <li>▫ Guaranteed life payments, all or substantially tax-free</li> <li>▫ A donation receipt for a portion of contribution</li> </ul>	Cash or marketable securities	Oldest donors (usually 65 and older) who want the security of guaranteed income payments