



# DID YOU KNOW?

Charitable giving is based on individual interests and priorities. Canadian tax laws have been designed to support philanthropic giving. It is up to the donor and in some cases their family, to decide which gift meets their own interests. There are many ways to leave your own legacy on the world around you.

## PRESENT GIFTS

**Gifts of Cash** – A gift of cash is the simplest and most common form of gift. You will receive a donation receipt for face amount of the gift (subject to the calculation of any advantage which may reduce the eligible amount.)

### **Gifts of Publicly Traded Securities - Did you know you can make a gift of publicly traded securities?**

You will receive a donation receipt for fair market value on the date of the gift. Special income tax rules mean that you will not be taxed on the gain. This is far more tax efficient than selling the stock, paying the capital gains tax and donating the proceeds.

Cash vs. In-Kind Securities	Sell securities & donate proceeds	Donate securities "in-kind"
Value of Donation (A)	\$ 10,000	\$ 10,000
Cost Base (B)	\$ 2,500	\$ 2,500
Capital Gain (A-B=C)	\$ 7,500	\$ 7,500
Capital Gain Inclusion Rate (D)	50%	0%
Taxable Capital Gain (CxD=E)	\$ 3,750	\$ -
Tax Payable (E x 40% MTR* = F)	\$ 1,500	\$ -
Donation Tax Credit (A x 40% MTR = G)	\$ 4,000	\$ 4,000
Net Tax Savings (G-F=H)	\$ 2,500	\$ 4,000
<b>Net after-tax Cost of Donation (A-H)</b>	<b>\$ 7,500</b>	<b>\$ 6,000</b>

For illustrations purposes only

\*MTR = Marginal Tax Rate

### **Gift of Real Estate - Did you know you can donate your home, or cottage, or other real estate to the Niagara Historical Society?**

A donation receipt will be issued for fair market value, as determined by a qualified appraisal. Generally speaking, unless the property is your principal residence, 50% of the gain will be taxable. However, the donation tax credit will exceed the tax on the gain, resulting in net tax savings.

### **Gift of Life Insurance Policy (Ownership Transferred To Charity) - Did you know you can make a gift of a life insurance policy to the Society?**

In the case of an existing policy, the donor transfers ownership to the charity. If the policy is purchased with the express purpose of making a gift, the charity may be named as owner at the time of purchase. You would receive a charitable receipt for the fair market value of the policy (if any) and for each premium paid after the donation is made. This may allow you to leave a greater gift, leading to a larger impact on the charity.



# DID YOU KNOW?

## DEFERRED GIFTS

It is possible to have a lasting impact upon children and youth even after you are gone.

### **Charitable Bequest - Did you know you that as part of your will you can make a charitable gift?**

You could retain full control of contributed property for the duration of your life. A donation receipt for the amount of cash or the fair market value of the property will be issued. This will result in a charitable tax credit on the donor's final income tax return.

### **Gift of Life Insurance Proceeds (Charity Named As Beneficiary) - Did you know that you can name the Society as a beneficiary of a life insurance policy?**

A donation receipt would be issued to the estate for any death proceeds received by the charity. This receipt results in a tax credit on the final tax return which can shelter the tax on appreciation of other assets deemed disposed of at death. You retain the right to name a different beneficiary if you change your mind.

### **Gift of RRSP Funds - Did you know you can name the Society as a beneficiary of RRSP or RRIF upon your death?**

All you need to do is name the Foundation as beneficiary with your plan. Gifts made in the year of death are creditable up to 100% of net income on the terminal return. You retain full access to retirement funds during your lifetime. The donation tax credit offsets the tax on the distribution and entire amount passes to charity tax free, whereas if the amount is left to your heirs they may receive as little as 51% of the balance after taxes

<b>Donating RRSPs</b>	<b>Donor's final return - with a donation</b>	<b>Donor's final return - without a donation</b>
Income from RRSP	\$ 200,000	\$ 200,000
Donation amount	\$ 200,000	\$ -
Tax on income @ 45%	\$ 90,000	\$ 90,000
Tax savings from donation @ 45%	\$ 90,000	\$ -
Tax cost	\$ -	\$ 90,000
<b>Net proceeds available to be paid to charity or beneficiaries</b>	<b>\$ 200,000</b>	<b>\$ 110,000</b>

For illustrations purposes only. Assumes the donation qualifies as a gift from a GRE at the time.

*Before proceeding, we recommend all donors seek guidance from an experienced estate lawyer, their accountant and other financial professionals to ensure a gift is established in the most appropriate way.*