

## ADVANCING PHILANTHROPY ACROSS CANADA

### A GIFT PLANNING MATRIX

Type of Gift	Benefits to the Charity	Benefits to the Donor	Acceptable Assets	Most Appropriate for:	R
<b>Outright Gift of Cash</b>	<ul style="list-style-type: none"> <li>• 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>• Straight forward 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>	<ul style="list-style-type: none"> <li>• Everyone (any age) who can afford to give up some principal and the interest it would otherwise earn</li> </ul>	
<b>Gift of Publicly Listed Securities (including segregated &amp; mutual fund units, exchange traded funds units including those representing gold and silver)</b>	<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 tax on capital gain</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>	<ul style="list-style-type: none"> <li>• Owners (any age) of stocks, bonds and other securities who can afford to give the asset and the interest or dividends it earns</li> </ul>	
<b>Life Insurance Policy (Charity named as <u>owner</u> and irrevocable beneficiary)</b>	<ul style="list-style-type: none"> <li>• Immediate access to cash value, assurance of death proceeds if policy retained (Term policies are often not retained as donor gets older)</li> </ul>	<ul style="list-style-type: none"> <li>• Donation receipt for value of policy and any future premiums paid</li> <li>• Small current outlay leveraged into larger future gift</li> </ul>	<ul style="list-style-type: none"> <li>• Any whole life policy (participating or universal)</li> <li>• Term policy (personal)</li> </ul>	<ul style="list-style-type: none"> <li>• 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</li> </ul>	
<b>Life Insurance Policy (Charity named as <u>beneficiary</u> but not owner)</b>	<ul style="list-style-type: none"> <li>• Will receive death proceeds unless donor changes beneficiary designation</li> </ul>	<ul style="list-style-type: none"> <li>• Satisfaction of providing a future gift while retaining full control of policy</li> <li>• Donation receipt for use with final income tax return for full value of death proceeds</li> </ul>	<ul style="list-style-type: none"> <li>• Any type of life insurance policy</li> </ul>	<ul style="list-style-type: none"> <li>• Persons (any age) whose personal needs and family situation may be subject to change</li> </ul>	

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<b>Designation of Retirement Plan Accumulations (RRSPs, RRIFs)</b>	<ul style="list-style-type: none"> <li>Future gift provided beneficiary designation(s) and/or designations are not changed</li> </ul>	<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>	<ul style="list-style-type: none"> <li>Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) accumulations</li> </ul>	<ul style="list-style-type: none"> <li>All individuals, but especially single persons, and surviving spouses who have made other provisions for heirs</li> </ul>	
<b>A Gift by Will (Bequest)</b>	<ul style="list-style-type: none"> <li>Expectancy of future gift provided that bequest designation (wording in the will) is not changed</li> </ul>	<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 by <i>the estate</i> as determined by 'estate trustee' (see changes noted below, effective 2016)<sup>1</sup></li> <li>For bequest of listed securities, any capital gain is <i>exempt</i> from tax; for other property <b>50% of gain is taxable</b>, but tax credit on exceed tax on gain, likely resulting in tax savings</li> </ul>	<ul style="list-style-type: none"> <li>Cash, securities, real estate, tangible personal property</li> </ul>	<ul style="list-style-type: none"> <li>All individuals (any age), but especially older persons with few or no heirs</li> </ul>	

<sup>1</sup> Provided the gift is made by an estate that qualifies as a *graduated rate estate (GRE)*, the executor (or "estate trustee") can allocate any portion of the 'end of life' donation (and resulting tax credits arising from the gift) against any of the following:

i) The last, or next-to-last tax year of the deceased individual, ii) The tax year of the estate in which the donation is made, and/or iii) An earlier tax year of the estate.

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<b>Shares in a privately-owned corporation</b>	<ul style="list-style-type: none"> <li>Share may pay dividends</li> <li>Charity may be able to sell shares in near term, or may hold them for an indefinite period</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for lesser of selling price and transfer value, issued when shares are sold</li> <li><b>50%</b> of gain is taxable, but tax credit will exceed tax on gain, resulting in net tax savings</li> </ul>	<ul style="list-style-type: none"> <li>Shares held in privately-owned corporation (private shares)</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurs who are philanthropic</li> <li>Venture philanthropists</li> </ul>	
<b>Outright Gift of Real Estate</b>	<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</li> <li>Valuation and ongoing maintenance 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</li> <li><b>50%</b> of gain taxable, but tax credit will exceed tax on gain, resulting in net tax savings</li> <li>No tax on gain if a principal residence</li> </ul>	<ul style="list-style-type: none"> <li>Real Estate</li> </ul>	<ul style="list-style-type: none"> <li>Owners (generally over 50) of a principal residence or investment property who do not need the property or the proceeds from its sale</li> </ul>	
<b>Outright "In-Kind" Gift of Tangible Personal Property (other than cultural property)</b>	<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</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for fair market value determined by appraisal</li> <li><b>50%</b> of gain taxable, but tax credit will exceed tax on gain, resulting in net tax savings</li> <li>Satisfaction of seeing gift at work now or in near term</li> </ul>	<ul style="list-style-type: none"> <li>Artworks, collections, furniture, equipment, collections, musical instruments, vehicles (like automobiles, trucks, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Owners (generally over age 50) of objects which they no longer intend to use</li> </ul>	

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Type of Gift	Benefits to the Charity	Benefits to the Donor	Acceptable Assets	Most Appropriate for:	R
<b>Outright Gift of Ecologically-Sensitive Land</b>	<ul style="list-style-type: none"> <li>Property protected from development; preserved for public enjoyment</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for fair market value determined by appraisal</li> <li>No tax on gain</li> <li>Extended period for using donation receipt and resulting tax credits</li> <li>Satisfaction of protecting the environment</li> </ul>	<ul style="list-style-type: none"> <li>Land certified by Minister of the Environment</li> </ul>	<ul style="list-style-type: none"> <li>Owners of ecologically-sensitive land who are committed to land preservation</li> </ul>	
<b>Charitable Remainder Trust (CRT)</b>	<ul style="list-style-type: none"> <li>Irrevocable <i>future</i> gift of remaining principal</li> <li>While often complex to administer, can be a highly effective gift planning instrument in selected circumstances</li> </ul>	<ul style="list-style-type: none"> <li>Net income from property for life or a term of years</li> <li>Donation receipt for present value of the remainder interest</li> <li>Property not subject to probate</li> </ul>	<ul style="list-style-type: none"> <li>Cash, securities, real estate</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>	
<b>Gift of Residual Interest in real estate</b>	<ul style="list-style-type: none"> <li>Irrevocable future gift of property</li> </ul>	<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</li> <li>Property not subject to probate</li> </ul>	<ul style="list-style-type: none"> <li>Principal residence, other real estate</li> </ul>	<ul style="list-style-type: none"> <li>Persons (generally over age 60) who otherwise would give the property under their will</li> </ul>	

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<b>Outright Gift of Certified Cultural Property</b>	<ul style="list-style-type: none"> <li>Immediately added to collection and available for display or exhibition</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for fair market value determined by appraisal (unless a tax-shelter arrangement)</li> <li><b>100%</b> contribution limit</li> <li>No tax on capital gain</li> <li>Satisfaction of preserving property of national significance</li> </ul>	<ul style="list-style-type: none"> <li>Artworks, collections, artifacts or historic structures certified by Canadian Cultural Property Export Review Board (CCPERB)</li> </ul>	<ul style="list-style-type: none"> <li>Owners (generally over age 50) of cultural treasures who would like to preserve the property within Canada</li> </ul>	
<b>Interest-free Loan (normally payable on demand)</b>	<ul style="list-style-type: none"> <li>Provides capital for building or investment without interest cost</li> </ul>	<ul style="list-style-type: none"> <li>Principal is recoverable</li> <li>Interest earned by charity on loaned funds not taxable to donor</li> <li>Satisfaction of helping charity today</li> </ul>	<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> </ul>	<ul style="list-style-type: none"> <li>Persons (any age) who have more than enough current income but want to preserve all principal for their own future security and/or heirs</li> </ul>	
<b>Charitable Gift Annuity (self-insured)<sup>1</sup></b>	<ul style="list-style-type: none"> <li>Irrevocable gift of whatever principal remains after making required payments</li> </ul>	<ul style="list-style-type: none"> <li>Guaranteed life payments, all or substantially tax-free</li> <li>Donation receipt for a portion of contribution</li> </ul>	<ul style="list-style-type: none"> <li>Cash or marketable securities</li> </ul>	<ul style="list-style-type: none"> <li>Oldest donors (usually 65 and older) who want the security of guaranteed payments</li> </ul>	

<sup>1</sup> **Note:** Only charitable organizations (other than *public or private foundations*) and authorized under provincial law, may currently issue gift annuities.

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<b>Charitable Gift Annuity (reinsured)<sup>2</sup></b>	<ul style="list-style-type: none"> <li>Irrevocable gift of that portion of contribution retained after purchase of commercial annuity</li> </ul>	<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>	<ul style="list-style-type: none"> <li>Cash or marketable securities</li> </ul>	<ul style="list-style-type: none"> <li>Oldest donors (usually 65 and older) who want the security of guaranteed payments</li> </ul>	

### Rating System:



**SEEK!**

Most attractive – Easy to Accept and Administer, Minimal Complexity, Most Flexible



**CAUTION!**

Less attractive – More Complex Administration, Appraisals required. Suitable only in certain situations.



**STOP!**

Avoid (or redirect) these gifts due to various legislative and regulatory restrictions

**Original Source:** *Planned Giving for Canadians*, Minton & Somers. (Adapted, updated and revised)

[www.philanthroplan.com](http://www.philanthroplan.com)

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<sup>2</sup> **Note:** Currently public and private foundations may not reinsure gift annuities.