

An aerial photograph of a city skyline at sunset. The sun is low on the horizon, casting a warm, golden glow over the city. The skyline is dominated by several tall, modern skyscrapers, with a mix of older buildings in the foreground. The water in the foreground is dark and calm.

# Planned giving...

## When the heart sees far!



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Portfolio Manager



**NATIONAL BANK  
FINANCIAL**  
WEALTH MANAGEMENT

**BERNARD**

FINANCIAL  
GROUP

# Topics covered

- 1. What is a planned gift?**
- 2. Why plan a gift?**
- 3. Who are**
  - › The donors
  - › The charities
- 4. The donors**
- 5. The different kinds of donations**
- 6. Conclusion**
- 7. Questions**



# What is a planned gift?



“A planned gift is the culmination of a charitable gift planning process, whether immediate or future, that reflects the donor’s expressed philanthropic desires and goals and takes into account the donor’s personal, family and tax context.”

Canadian Association of Gift Planners

In short, any gift that has been subject to financial, tax or estate planning.

# Why plan a gift?

**Planning a donation is first and foremost a gesture of the heart.**

## **For you, the donor, it is:**

- › The conviction of helping an important cause
- › The desire to do something that will outlive you
- › Social commitment
- › Recognition for an organization
- › Contributing to a better future

A way to integrate charitable giving into your financial, tax and estate planning so that you can achieve your philanthropic goals while enjoying the tax and financial benefits to which you are entitled.

# Donations and taxes

“If you donate money or other property to certain institutions and they have issued official receipts, you are entitled to federal and provincial non-refundable tax credits when you file your return.”

Cra.gc.ca

Applicable rate	Federal %	Québec %	Combined Tax Credits (maximum)
First \$200	15.0%	20.0%	32.53%
Excess	29.0%	24.0%	48.22%

Subtract the Quebec abatement (16.5% from these amounts)

For couples, there is a tax advantage to grouping all donations on the same tax report to benefit from the 14% difference between the 2 credit brackets.

## Timing:

- › In your lifetime
- › Upon death

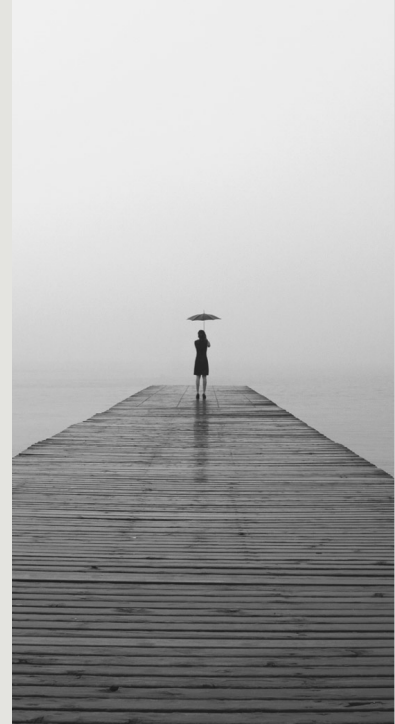
# Annual limit of eligible donation

## Giving in your lifetime

- › Individuals can donate a total of up to 75% of their current year's net income
- › A couple can combine donations and claim tax credits on a single tax return
- › Donations can be claimed in the year the gift is made and in the following 5 years.

## Donation upon death

The individual can make a donation of up to 100% of his or her net income in the year of death and the previous year (if there is a surplus).



# For the Organization

Planned giving has a tangible and lasting impact. They allow charities to benefit from the long-term funding they need to provide the services necessary to maintain and develop the quality of life in their respective communities.

## Planned giving for organizations is:

A way to solicit non-traditional financial arrangements from donors that will provide stable and predictable cash flow.



**If every adult in Canada made a bequest of \$100 to charity in their wills, billions of dollars would be donated each year!**





# Who are the donors?

## Those who

**Have accumulated wealth and have an interest in tax benefits**

### **Wish to**

- › obtain a visibility, a form of recognition
- › Commemorate a person's memory
- › ensure the continuity of someone or an organization

### **Philanthropic wishes**

- › Willingness to do good, to help the less fortunate by benefiting their environment and/or share their success with the community

**Single with no immediate family**

### **Married couples**

- › without children or with children who are financially successful

**Owners of private enterprises**

### **Corporations :**

- › National Bank in 2009: \$6,900,000

# Charitable organizations



To receive special tax treatment, the donation must be made to a charity **registered with the Canada Revenue Agency (CRA)**, which allows it to issue tax receipts.

The donor therefore receives a tax benefit from the donation.



**The more structured a planned gift is,  
the greater its impact.**

**It is therefore important to know  
the tax rules that will apply.**



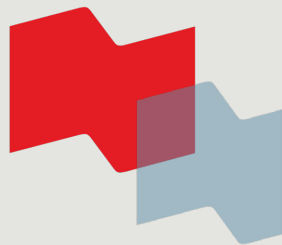
# How to plan a donation?

## 1. Which organization to give to?

- › Think of a charity or cause you would like to support.
- › You or someone you know may have benefited from the services of a particular organization.

## 2. What will be the donation's objective?

- › Find out more about the organization of your choice.
- › What is its mission and accomplishments, what are the opportunities to donate and how your donation can help it continue to achieve its goals.



# How to plan a donation?

**More**

- 3. Assess your personal balance sheet**
- 4. Meet with a financial advisor**
- 5. If you wish, inform the beneficiary organization and your family of your decision**



# The Different Kinds of Donations

## There are many different forms of donations

Immediate donation — Immediate use	Deferred Donation — Future Use
Cash donation Publicly traded securities	Testamentary donation
Gift in kind Securities, real estate, etc...	Gift of Life Insurance Policy (Payable upon death)
Life insurance (Surrender value)	Gift with a life annuity
Donation of cultural property	Charitable trust
	Foundations

# Giving as we age...

**Your lifestyle and financial situation will change over time.  
So will the way you give.**

## **Young Adults**

- › Cash donation and participation (limited resources, unsolicited donations)
- › Monthly donation

## **Mature Adults**

- › Gift of life insurance
- › Donation of publicly traded shares

## **Retirees**

- › Testamentary donation
- › Donation of amounts accrued in a pension plan
- › Gift of real estate
- › Charitable Gift Annuity and Gift of Residual Interest



# Donations in Kind

- › Can be done throughout life often as part of annual campaigns, sponsorships, ...
- › Can also take the form of general gifts included in the will.

Benefits - Organizations	Benefits – Donors	Eligible Assets	Donors – Types
<ul style="list-style-type: none"><li>› Possibility of immediate use</li><li>› Liquidity</li><li>› No risk</li></ul>	<ul style="list-style-type: none"><li>› Receipt for the entire amount</li><li>› Simple transaction and no fees</li><li>› Satisfaction of seeing the donation used immediately</li></ul>	<ul style="list-style-type: none"><li>› Amount in cash</li><li>› Cheque</li><li>› Credit card</li><li>› Pre-authorized contributions</li></ul>	<ul style="list-style-type: none"><li>› Anyone (regardless of age) who can afford to donate an amount and forgo the interest it would earn</li></ul>



## Example — Donor wishes to make a gift of \$10,000

- › The government has made the donation of publicly traded shares particularly attractive by **eliminating the capital gains tax**.
- › The operation usually consists of a simple electronic transfer of shares, carried out by a consultant.
- › **Advantages:** immediate receipt of a donation receipt for the fair market value (FMV) of the shares.

# Example — Donor wishes to make a gift of \$10,000

Option 1 Gift of \$10,000 Proceeds from the sale of shares		Option 2 Donation of shares
Proceeds of sale	\$10,000	\$10,000
Capital gain	\$8,000	\$8,000
Taxable gain (50% of 8,000\$)	\$4,000	0
Tax on gain (45% of 4,000\$)	\$-1,800	0
Tax credit (45% de 10,000\$)	\$4,500	\$4,500
Tax gain 4,500\$ - 1,800\$	\$2,700	\$4,500
Donation cost	\$7,300	\$5,500

Fair market value of shares	\$10,000
Base price of the shares	\$2,000
Tax rate (hypothetical combined rate)	45%
Receipt for donation	\$10,000
Tax credit (45%)	\$4,500

# Donor wishes to make a gift of \$10,000

More

Benefits – Organizations	Benefits – Donors	Eligible Assets	Donors – Types
<ul style="list-style-type: none"><li>› Immediate use</li><li>› Liquidity</li><li>› Low risk</li><li>› Generally simple and inexpensive operation</li></ul>	<ul style="list-style-type: none"><li>› Receipt for fair market value</li><li>› No capital gains tax</li><li>› Satisfaction of seeing the donation used immediately</li></ul>	<ul style="list-style-type: none"><li>› Shares</li><li>› Bonds</li><li>› Mutual fund units</li><li>› Employee Share Ownership Plan Units</li></ul>	<ul style="list-style-type: none"><li>› Holders (of any age) of eligible securities who can afford to forgo those securities and the interest or dividends they would earn</li></ul>

# Life Insurance Policy

## Donate an existing life insurance policy:

- › If you no longer need the coverage provided by your life insurance policy, you can transfer ownership to a charity, while continuing to pay the premiums, if applicable.
- › To make a gift of a life insurance policy, you simply name an organization of your choice as the beneficiary. You have control over the policy and the organization will receive the insurance proceeds after your death.

## Take out a new insurance policy:

- › If you wish to make a significant gift but have limited resources, you can purchase a life insurance policy and then assign it to a charity. Each premium paid is eligible for a donation receipt for the same amount.

# Taxation of a gift of life insurance

## The donor owns the policy:

- › Tax receipt upon death

## The organization owns the policy:

- › Tax receipt for annual contributions

The timing of the donor's use of the tax receipt will define who will own the insurance policy

# Gifts by bequest

**A bequest is the most popular gift at death.**

**It is simple to perform:**

- › All the donor has to do is write a clause in his or her will stating that he or she is making a gift to a foundation or foundations upon death.

Benefits – Organizations	Benefits – Donors	Eligible Assets	Donors – Types
Promise to make a gift in the will, provided that the wording of the bequest is not changed	<ul style="list-style-type: none"><li>› Satisfaction of making a pledge</li><li>› The donation can be modified at any time</li><li>› Receipt to be used when filing the last income tax return</li><li>› Can significantly reduce the taxes payable by the estate</li></ul>	Cash, securities, real estate, tangible personal property	All (regardless of age) but especially older people with no or few heirs

# Fixed Assets

## Personal use property

- › Specific movable property (paintings, stamps, etc...)
- › Cabin



# Fixed Assets

## More

- › You can donate your property immediately and receive a tax credit, or you can retain the use of your property during your lifetime by making a deferred gift to a foundation.
- › You can also retain the use of the property for life by donating it to an organization in the form of a charitable remainder trust and receive a tax credit for the charitable portion of the donation.

### Benefits for the donor:

- › Donation receipt equivalent to the FMV of the property



# Fixed Assets

## More

Benefits – Organizations	Benefits – Donors	Eligible Assets	Donors – Types
<ul style="list-style-type: none"><li>› Product available upon sale of the property</li><li>› Ability to retain and use the property</li><li>› Potentially difficult gift to administer due to valuation and maintenance costs</li></ul>	<ul style="list-style-type: none"><li>› Receipt for fair market value (independent valuation obtained by the organization)</li><li>› 50% of taxable capital gain (full tax exemption if the property is the donor's principal residence) offset by a donation tax credit</li></ul>	<b>Fixed Assets:</b> primary residence, secondary residence and rental property, farm, commercial land	Owners (mostly over 50) of a primary residence or investment property who no longer need the property or the proceeds from its sale)

# Donation of a work of art



## Donating art can be a winning strategy

- › If you donate a work of art to a charity, you are entitled to a tax credit, provided the charity disposes of the work of art in the year of the donation or within five years.

## Donation to a Quebec museum institution

- › If you donate a work of art to a museum located in Quebec or to a recognized museum institution, the amount of the credit will be the amount of the donation multiplied by 125%.



# Donation with an annuity

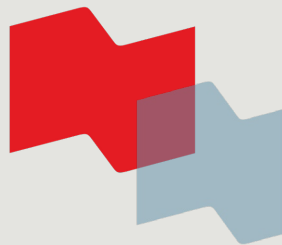
- › Is a gift of money or other assets in exchange for a guaranteed income for life or for a specified period.
- › A life annuity is a financial instrument that can be very interesting in the context of a planned gift.
- › Annuities can allow mature donors to make gifts during their lifetime without compromising their financial security.



# Life annuity

## In return for a given amount of money

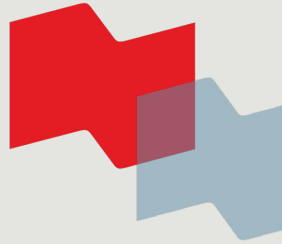
- › The organization pays the donor an annuity until his or her death
- › It is a permanently and irrevocably assigned capital
- › The amount of the annuity obviously depends on the size of the capital but also on the probability that it will be paid for a long time.
- › Charitable life annuities are prescribed
- › However, like a life insurance annuity, a couple can purchase a joint life annuity, i.e. one that continues to be paid to the surviving spouse if the annuitant dies.
- › When you purchase a charitable life annuity, you will receive a tax receipt for the year of the donation for a minimum of 20% of the death benefit.



# Charitable Annuity

**Do we embark on the charitable annuity...not many organizations do but perhaps it should be said that it exists?**

- › The receipt is always equal to the paid-up capital less the cost of a similar annuity issued by an independent third party, i.e. a life insurance company.
- › The charitable gift annuity rate is generally capped at 10%.
- › By transferring \$100,000, he would receive an annual annuity of \$10,000. If an annuity of \$10,000 on the market costs him \$70,000, he receives a tax receipt for \$30,000



# Gift with an annuity

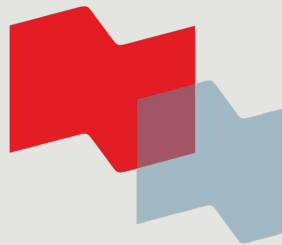
	Benefits – Organizations	Benefits – Donors	Eligible Assets	Donors – Types
Self-Insured	<ul style="list-style-type: none"> <li>› Irrevocable gift of principal balance after required payments</li> </ul>	<ul style="list-style-type: none"> <li>› Guaranteed benefits for life, all or most of which are tax-free</li> <li>› Receipt for the portion of the contribution</li> </ul>	<ul style="list-style-type: none"> <li>› Cash or marketable securities</li> </ul>	Older donors (mostly 65+) who want the security of guaranteed income benefits
Reinsured	<ul style="list-style-type: none"> <li>› Irrevocable gift of retained contribution after purchase of a commercial annuity</li> </ul>		<ul style="list-style-type: none"> <li>› Cash or marketable securities</li> </ul>	

# Conclusion

## Finally, why make a planned gift ...

- › Because you share the values of a charitable organization
- › Because a planned charitable donation generates tax benefits.

Since each situation is unique and has its own tax advantages, it is important to plan this exercise with your financial advisor.



# Appendix

**Sample letters for  
your donors**



# Charitable Annuity

[First Name Last Name]  
[Address]  
[City] [PV] [Postal Code]

[City], [Month Day Year]

**Subject: Charitable annuity – a powerful tool**

[Mrs Mr],

On behalf of [Name of organization] I should like to express our most sincere thanks for the generosity you have shown our cause in recent years. Thanks to your contribution, we can [describe mission of the organization].

To encourage your continued support, we think it is important to pass on some financial advice that is likely to increase the benefit of your contribution while increasing the return on your investments. For example, a charitable annuity is a powerful tool that has the following advantages:

- A guaranteed, secure income stream, largely exempt from taxes
- A higher return than from conventional instruments like GICs and bonds
- An income tax receipt for the charitable part of the annuity, which may be used to request a tax credit
- A sense of satisfaction from having contributed to [Name of organization]

To evaluate if a charitable annuity is a good option for you, please contact us so we can help you in your decision-making. We have access to financial experts who can assist you in this regard.

Thanking you in advance for your generosity,

~~Yours sincerely,~~

[Signature]  
[First Name Last Name]  
[Title]  
[Name of the organization]  
[Address]  
[Telephone Number]



# Donation of securities

[First Name Last Name]  
[Address]  
[City] [Zip] [Postal Code]

[City], on [day month year].

Subject: The gift of securities, a tax advantage.

[Mrs. OR Mr. OR Hello].

[Name of organization] wishes to express our deepest appreciation for the generosity you have shown towards our cause over the past few years. Thanks to your contribution, we will be able to [describe the organization's mission].

In order to encourage your commitment, we feel it is important to share with you some financial tips that could optimize your gesture from a tax standpoint. Did you know that donating securities could save you taxes? Here are more details:

	Option 1 Donation of \$10,000 Proceeds from the sale of shares	Option 2 Donation of shares
Proceeds of sale	10 000\$	10 000\$
Capital gain	8 000\$	8 000\$
Taxable gain (50% of \$8,000)	4 000 \$	0
Tax on gain (45% of \$4,000)	- 1 800\$	0
Tax credit (45% of \$10,000)	4 500\$	4 500\$
Tax gain (\$4,500 - \$1,800)	2 700\$	4 500\$
Cost of donation	7 300\$	5 500\$

\*45% tax rate. 45% tax credit

If you hold securities (stocks) or funds in a non-registered account, you may be able to achieve significant tax benefits by donating your securities. A discussion with your accountant or investment advisor will provide you with more information on this subject.

Thank you in advance for your generosity and do not hesitate to contact us for more information

[signature]  
[First Name Last Name]  
[Title]  
[Name of organization]  
[Address]

## Donation of a publicly traded security to your organization's name

Thank you for your valuable support to your organization's name by donating securities. The transfer of securities (stocks, bonds and mutual funds) is a simple process through which you could realize significant tax savings.

### 1. Donor Information

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ Prov. \_\_\_\_\_ Postal Code \_\_\_\_\_  
Phone Number \_\_\_\_\_ Email \_\_\_\_\_

### 2. Broker Information

Name of the firm \_\_\_\_\_  
Name of the broker \_\_\_\_\_  
City \_\_\_\_\_ Prov. \_\_\_\_\_ Postal Code \_\_\_\_\_  
Phone Number \_\_\_\_\_ Email \_\_\_\_\_  
Fax \_\_\_\_\_

### 3. Securities to be transferred

Originating account number \_\_\_\_\_  
Quantity \_\_\_\_\_ parts of \_\_\_\_\_ description \_\_\_\_\_  
Quantity \_\_\_\_\_ parts of \_\_\_\_\_ description \_\_\_\_\_

### 4. Depositary of securities transferred in kind

Investment account of your organization's name \***xxx-xxxx-x**  
National Bank Financial

DTC BrokerCode XXXXX CUID NBCE  
XXXXX EUROCLEAR No. XXXXX XXXX

I authorize this transfer as a charitable donation to your organization's name. I agree that your organization's name, or its agent, may contact my broker for transactional purposes.

Donor's signature \_\_\_\_\_ Date \_\_\_\_\_

Additional comments or instructions:

### Your donation receipt

- The value of your donation receipt is calculated based on the closing price of the securities on the day the National Bank Financial custodian acknowledges receipt.
- Exception—Transfers from an estate: Please contact your organization's representative regarding the valuation of securities.

- Please complete this form. The information requested are necessary for the transfer, follow-up and issuance of receipts.
- Send this form to your broker. Your broker will make the necessary arrangements for the transfer of the securities to the investment account of your organization's name.

Your organization's  
logo

Your organization's name cannot initiate the transfer. If you are not dealing with a broker, please fax this form directly to your investment institution.

- Send a copy of this form to the Foundation's broker (or ask your broker to do so):  
Jean-Philippe Bernard  
National Bank Financial  
Management of account transfers  
1010, rue De La Gauchetière Ouest  
Mezz. 100  
Montreal, Quebec H3B 5J2  
Fax: 514 375-3810
- Send a copy of this form to your organization's name (or ask your broker to do so) so that we are able to issue a receipt for your donation.

### Name of your organization\*

General Manager  
Telephone: xxx  
Cellular: xxx  
Email: xxx  
Fax: xxx

Your support is invaluable to us and we thank you from the very heart for helping us to help us in the mission of your organization.

Digital signature

The charity registration number of your organization's name is the number of your organization.

Send us an email to receive the  
editable Word version  
[olivier.babineaujacques@bnc.ca](mailto:olivier.babineaujacques@bnc.ca)



# Gift of Life Insurance

[First name/Family name]  
[Address]  
[City] [Province] [Postal code]

[Day Month, Year]

**Subject: Life insurance donation – a powerful financial lever**

[Dear Sir or Madam /Hello!],

On behalf of [Name of organization] I should like to express our most sincere thanks for the generosity you have shown our cause in recent years. Thanks to your contribution, we can [describe mission of the organization].

To encourage your continued support, we think it is important to pass on some financial advice that is likely to increase the benefit of your contribution. We would like to bring your attention to the advantages of a life insurance gift. This is a way that you could increase your financial support by an amount that you would probably not be able to contribute in your lifetime. Here, then, are the advantages of a life insurance gift:

- substantial gift at a modest cost;
- immediate or deferred tax credits, depending on the option chosen;
- no effect on the value of your estate;
- life insurance benefits paid directly to [Name of organization].

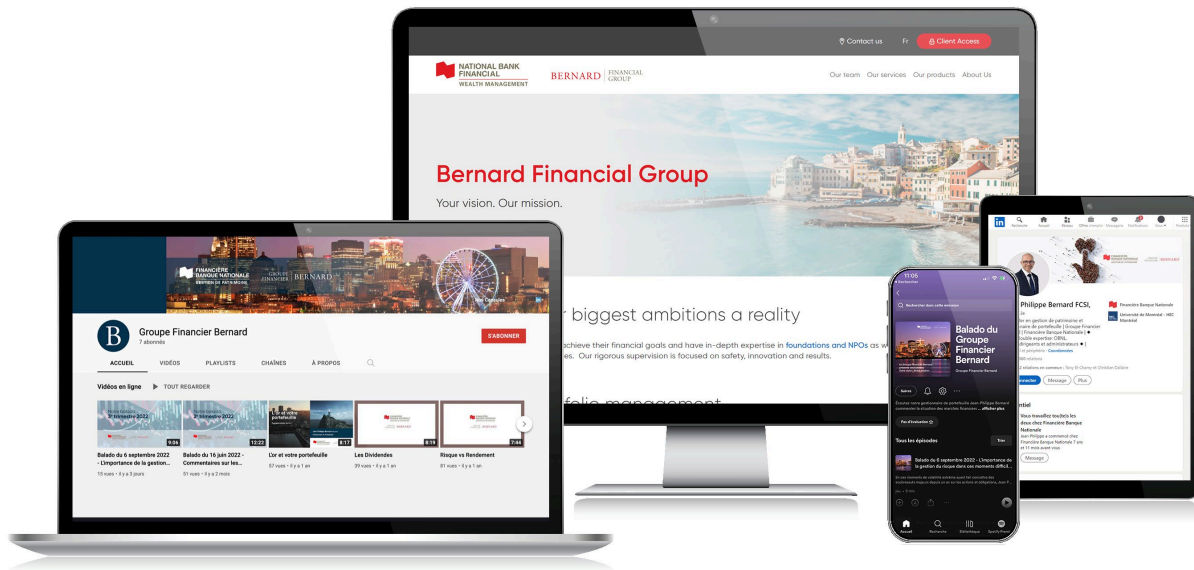
A life insurance gift can thus have a significant leverage effect on your donation strategy. To evaluate the various types of approaches that are possible, please contact us so we can help you in your decision-making.

Thanking you in advance for your generosity,

Yours sincerely,

[signature]  
[First name, Family name]  
[Title]  
[Name of organization]  
[Address]  
[Telephone no.]

# Keep in touch



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Jean-Philippe Bernard





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