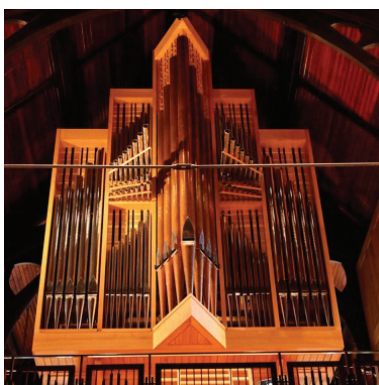
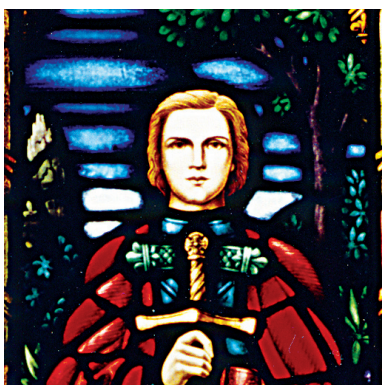


CHRIST CHURCH CATHEDRAL



LEGACY STEWARDSHIP



OPEN
DOORS
HEARTS
& MINDS

Legacy Gifts and Their Tax Effects



CHRIST CHURCH CATHEDRAL
Vancouver, BC · *Open Doors, Open Hearts, Open Minds*

Legacy Gifts and Their Tax Effects

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Non-Legacy Gifts (Normal Donations) and Their Tax Effects:

Generally, donors to Christ Church Parish Vancouver can claim a tax credit as follows:

- Federal tax credit is 17% of the first \$200 of charitable gifts
- Federal tax credit is 29% of gifts in excess of \$200
- Donors can claim maximum annual charitable contributions equal to 75% of income
- Charitable contributions in excess of the annual limit can be carried forward 5 years

Estate Gifts and Their Tax Effects:

Estate tax credits to Christ Church Parish Vancouver are as follows:

- Federal tax credit is 17% of the first \$200 of charitable gifts
- Federal tax credit is 29% of gifts in excess of \$200
- Gifts made in the year of death and through the estate can equal 100% of income on date-of-death tax return and can be carried back 1 year (executors can re-file the deceased's previous year's tax return)

Gifts through a Will usually take two forms: outright gifts of a specified cash amount or a portion (usually a percentage) of the residue of the estate. The residue of the estate is the amount left after the expenses, taxes and other bequests have been paid. Gifts of residue often prove to be the larger of the two forms of gifts.

Donors can also leave charitable gifts to Christ Church Parish Vancouver through testamentary trusts in their Wills. Typically, a trust is established to allow the surviving spouse (or other individual) to receive income from the estate assets during their lifetime and eventually Christ Church Parish Vancouver will receive the capital assets upon the death of the income beneficiary.

Gifts of Securities and Their Tax Effects:

The reason why many donors are attracted to the idea of giving securities to Christ Church Cathedral is because of the preferred tax treatment offered by CRA on these gifts. If a donor has a capital gain in their investment, they can gift the actual security instead of selling the investment and giving cash. By doing this, they will pay no tax on the capital gain, instead of tax on 50% of the gain had they sold the security and given cash.

The yearly contribution limit for charitable donations of appreciated publicly traded securities is 75% of the donor's net income.

Also, donors can get rid of underperforming securities by gifting them. In addition, they can gift shares that are still expected to appreciate but use the tax savings plus cash to repurchase the shares (after waiting 30 days). This allows the donor to "step up" the cost base of the shares.

The gift of securities is usually valued at the market close, the day it is received into the charity's brokerage account and the donor will receive a tax receipt based on that amount.

Life Insurance Gifts and Their Tax Effects:

There are various ways in which a donor can contribute life insurance to Christ Church Parish Vancouver. Generally the gifts fall into the following categories:

1. The donor irrevocably transfers ownership of a paid-up policy to Christ Church Cathedral, and “Christ Church Parish Vancouver” is named beneficiary
2. The donor irrevocably transfers ownership to Christ Church Parish Vancouver of a policy where they continue to make payments either annually or in one lump sum, and the charity is named beneficiary
3. The donor names Christ Church Parish Vancouver as the beneficiary of a policy
4. The donor names their estate as the beneficiary of the policy and includes a gift in the Will equal to the proceeds of the policy

The tax treatment of the life insurance gifts itemized above is as follows:

1. Donors receive a tax receipt for any cash surrender value of a paid up policy
2. Donors receive a tax receipt for any cash surrender value of a partially paid up policy and tax receipts for ongoing premium payments (either annual or lump sum)
3. The donor’s estate will receive a tax receipt for the proceeds of the policy; the gift is not subject to estate probate fees.
4. The donor’s estate will receive a tax receipt for the amount equal to the proceeds of the policy; the gift is subject to estate probate fees.



Charitable Remainder Trusts and Their Tax Effects:

A Charitable Remainder Trust is one type of trust that is a well known gift planning vehicle and can be a useful tool for the right donor and in the right circumstances. The donor settles the trust by irrevocably transferring assets to the trust. The assets can include cash, securities, other acceptable investments, and real estate.

The donor receives an immediate charitable tax receipt for the present value of the remainder interest (this is an actuarial calculation). In addition, the donor will receive the income that the assets produce, for the life of the donor or for a period of years. At the end of this period, Christ Church Parish Vancouver will receive the remaining assets in the trust.



Gifts of RRSPs and RRIFs and Their Tax Effects:

Donors can make a future gift to Christ Church Parish Vancouver without sacrificing lifetime retirement income. The typical donor who considers this type of gift will be single with no dependants, or the last survivor of a couple with no children. In addition, those donors who are concerned about the taxation of their RRSPs on their death will look for tax relief in this way.

At death, all the assets of an RRSP/RRIF will be taxed as income on the deceased's final tax return. As a result, almost half of the retirement plans' assets will usually be lost to taxation unless a charitable gift is made. If the gift of the entire RRSP/RRIF is made, the tax receipt will more than offset the taxes owing. If even a portion of the RRSP/RRIF is given, most or all taxation on the RRSP/RRIF can be eliminated through careful planning.



Gifts of Charitable Annuities and Their Tax Effects:

A charitable annuity is an arrangement where a donor transfers cash to Christ Church Parish Vancouver and in return the Christ Church Parish Vancouver pays the donor a guaranteed income for life (or for a set number of years, or for the life of another named individual). The annuity payments are all or partly tax free to the donor. PLEASE NOTE: Christ Church Cathedral has not developed gift acceptance policies with regard to annuities. It is important to contact Christ Church Parish Vancouver before considering such a gift.

Self Insured Annuity: Christ Church Parish Vancouver invests the funds, making payments to the donor that are backed by a guarantee on Christ Church Parish Vancouver's assets.

Reinsured or Gift Plus Annuity: Christ Church Parish Vancouver retains a portion of the funds for its own use and uses the rest to purchase an annuity from a life insurance agent.



For More Information Contact Us or Visit Our Website:

We welcome your ideas and questions! Please call us for more information on how you can help the Cathedral and its communities through a legacy gift. We would be pleased to visit with you personally and provide a confidential proposal for your review.

- For more information, contact Mark Munn, Director of Development and Communications at mark@cathedral.vancouver.bc.ca or 604.682.3848
- Or Jenny and Ian Birtwell, Chairs of the Legacy Stewardship Committee by leaving a message at the office at 604.682.3848.

Or visit <http://www.cathedral.vancouver.bc.ca/legacy-gifts/> where you can find:

- Sample Will Clauses
- A Legacy Gift Advisory Form letting us know of your decision to give
- The Cathedral's Gift Acceptance Policies