



# Making a real difference is easier with the RBC Dominion Securities Charitable Gift Program

Donors can give more, with less hassle, through our convenient private foundation alternative. For a donor information kit, email [managed.product.group@rbc.com](mailto:managed.product.group@rbc.com).

*Professional Wealth Management Since 1901*



# CREATING YOUR FAMILY'S CHARITABLE LEGACY



## The RBC Dominion Securities Charitable Gift Program

As Canadians become more focused on charitable giving, they're considering the different ways they can give – everything from one-time donations to more enduring gifts. If you're considering how to give an enduring gift to charitable causes important to you, you have many different choices.

### A convenient alternative

The RBC Charitable Gift Program is specifically designed for individuals, families and corporations wishing to support charitable causes in a meaningful way, without the time and considerable setup costs associated with establishing a private foundation. The minimum gift to establish your fund is \$25,000.

You can contribute cash, securities or other assets such as insurance to your fund, then recommend grants to the charities of your choice based on the amount of accumulated investment earnings available in your account. You can also recommend an investment strategy for your fund, choosing from a wide range of options professionally managed by your RBC Dominion Securities advisor. All administrative details for your fund are looked after by the Charitable Gift Funds Canada Foundation (CGFCF), one of the leading charitable foundations in the country.

### Enduring family legacy

Like a private foundation, you can give your fund a unique name that reflects your family's legacy, such as The Smith Family Fund for the Arts. You can also name grant advisors and successors to your fund so your family's legacy continues.

### For more information

Choosing how to create your legacy is a very personal decision, but we're here to help make it easier. Please contact your RBC advisor or email [managed.product.group@rbc.com](mailto:managed.product.group@rbc.com) for more information on the RBC Dominion Securities Charitable Gift Program today.

## THE GIFT OF INSURANCE

Depending on your age and needs, there are creative charitable giving strategies, especially those using life insurance, to reduce taxes, minimize probate and significantly increase your charitable contribution after death to your favourite charity.

There are three main charitable giving options when donating a life insurance policy to charity:

- Gift of an existing life insurance policy
- Gift of a new life insurance policy
- Designation of a charity as beneficiary of life insurance

### Present Gift Of A Life Insurance Policy

One charitable giving alternative is the donation now of an insurance policy on your life. It may be an existing policy you no longer need or one bought specifically for donation. Typically, it will be a whole life policy that has a cash surrender value.

### Gift of an Existing Life Insurance Policy

A future gift can be made to a charity by simply making the charity both the owner and the beneficiary of the policy. Unlike a bequest, that transfer of ownership cannot be changed.

If an existing policy is donated, you will receive a contribution receipt for the fair market value. Be aware that the transfer of an existing policy is a taxable disposition. You will be fully taxed on the difference between the cash surrender value and the adjusted cost base. Your agent can tell you the cost base amount. For most people, the tax credit from the donation will offset the tax due. You will also get donation tax receipts in future years for any premiums you pay to keep the policy going.

With a cash bequest in your Will, your estate gets a tax credit based on the full amount given. By donating an insurance policy now, you may get tax credits for use now, but they are based only on the policy's value — not the death benefit ultimately paid out. Aside from generating tax credits now, here are some other advantages of giving your charity a present gift of a life insurance policy:

- Depending on your age and health, a reasonably small outlay could fund a very large payment at death. Of course, your age and/or health could also make the insurance quite expensive.
- If the charity needs money before your death, it can use the insurance policy to obtain a loan or even cash it in.
- The life insurance proceeds are paid on death directly to the charity which avoids probate and keeps the gift private if you desire.

## **Gift of a New Life Insurance Policy**

If you wish, you can establish a new life insurance policy and transfer ownership to a charity. You will receive a donation receipt for all premiums paid after ownership has been transferred to the charity. It is possible for these policies to become self-supporting (premium offset) after a pre-determined number of years, with no further required premium payments. Upon time of death, the charity will receive the death benefit proceeds from the policy.

## **DEFERRED GIFT OF A LIFE INSURANCE POLICY**

You could name a charity as your life insurance beneficiary, co-beneficiary or contingent beneficiary while retaining ownership of the policy. This may be an option if you want to make a charitable gift but still want to retain access to the cash value of the policy, or be able to change the beneficiary if circumstances change. The fact that the policy beneficiary is revocable means that you do not receive a donation tax receipt for the annual premium costs. However, the estate will be issued a donation receipt for the amount of the death benefit when the gift is received by the charity.

This arrangement is very similar to the gift options described earlier in that the death benefit is paid outside your estate and is not subject to probate taxes.