



A Canadian Gift Planning Matrix

Type of Gift	Benefits to the Charity	Benefits to the Donor	Acceptable Assets	Most Appropriate for:
Outright Gift of Cash	<ul style="list-style-type: none"> • Immediate Use • Liquid • No risk 	<ul style="list-style-type: none"> • Donation receipt for full amount • Straight forward transactions • Satisfaction of seeing gift at work today 	<ul style="list-style-type: none"> • Cash • Cheque • Credit Card • Pre-Authorized Contributions (PAC), usually paid monthly 	<ul style="list-style-type: none"> • Everyone (any age) who can afford to give up some principal and the interest it would otherwise earn
Gift of Publicly Listed Securities	<ul style="list-style-type: none"> • Immediate Use • Liquid • Little risk • Generally simple and low cost to implement 	<ul style="list-style-type: none"> • Donation receipt for fair market value • No tax on capital gain • Satisfaction of seeing gift at work today 	<ul style="list-style-type: none"> • Stocks • Bonds • Mutual Fund Units • Employee Stock Option Shares 	<ul style="list-style-type: none"> • Owners (any age) of stocks, bonds and other securities who can afford to give the asset and the interest or dividends it earns
Life Insurance Policy (Charity named as <u>owner</u> and irrevocable beneficiary)	<ul style="list-style-type: none"> • Immediate access to cash value, assurance of death proceeds if policy retained (Term policies are often not retained as donor gets older) 	<ul style="list-style-type: none"> • Donation receipt for value of policy and any future premiums paid • Small current outlay leveraged into larger future gift 	<ul style="list-style-type: none"> • Any whole life policy (participating or universal) • Term policy (personal) 	<ul style="list-style-type: none"> • 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
Life Insurance Policy (Charity named as <u>beneficiary</u> but not owner)	<ul style="list-style-type: none"> • Will receive death proceeds unless donor changes beneficiary designation 	<ul style="list-style-type: none"> • Satisfaction of providing a future gift while retaining full control of policy • Donation receipt for use with final income tax return for full value of death proceeds 	<ul style="list-style-type: none"> • Any type of life insurance policy 	<ul style="list-style-type: none"> • Persons (any age) whose personal needs and family situation may be subject to change

Type of Gift	Benefits to the Charity	Benefits to the Donor	Acceptable Assets	Most Appropriate for:
Designation of Retirement Plan Accumulations (RRSPs, RRIFs)	<ul style="list-style-type: none"> • Future gift provided beneficiary designation(s) and/or designations are not changed 	<ul style="list-style-type: none"> • Satisfaction of providing a possible future gift while preserving personal security • Gift receipt that offsets tax on distribution of retirement funds 	<ul style="list-style-type: none"> • Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) accumulations 	<ul style="list-style-type: none"> • All individuals, but especially single persons, and surviving spouses who have made other provisions for heirs
A Gift by Will (Bequest)	<ul style="list-style-type: none"> • Expectancy of future gift provided that bequest designation (wording in the will) is not changed 	<ul style="list-style-type: none"> • Satisfaction of providing for future gift while retaining full control of property • Donation receipt for use by <i>the estate</i> as determined by 'estate trustee' (see changes noted below, effective 2016)¹ • For bequest of listed securities, any capital gain is <i>exempt</i> from tax; for other property 50% of gain is taxable, but tax credit on exceed tax on gain, likely resulting in tax savings 	<ul style="list-style-type: none"> • Cash, securities, real estate, tangible personal property 	<ul style="list-style-type: none"> • All individuals (any age), but especially older persons with few or no heirs

¹ 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.

Type of Gift	Benefits to the Charity	Benefits to the Donor	Acceptable Assets	Most Appropriate for:
Shares in a privately- owned corporation	<ul style="list-style-type: none"> • Share may pay dividends • Charity may be able to sell shares in near term, or may hold them for an indefinite period 	<ul style="list-style-type: none"> • Donation receipt for lesser of selling price and transfer value, issued when shares are sold • 50% of gain is taxable, but tax credit will exceed tax on gain, resulting in net tax savings 	<ul style="list-style-type: none"> • Shares held in privately-owned corporation (private shares) 	<ul style="list-style-type: none"> • Entrepreneurs who are philanthropic • Venture philanthropists
Outright Gift of Real Estate	<ul style="list-style-type: none"> • Proceeds available as soon as property is sold • Sometimes property itself can be retained and used • Valuation and ongoing maintenance can add complexity to gift administration 	<ul style="list-style-type: none"> • Donation receipt for fair market value (FMV) determined by appraisal • 50% of gain taxable, but tax credit will exceed tax on gain, resulting in net tax savings • No tax on gain if a principal residence 	<ul style="list-style-type: none"> • Real Estate 	<ul style="list-style-type: none"> • Owners (generally over 50) of a principal residence or investment property who do not need the property or the proceeds from its sale
Outright "In-Kind" Gift of Tangible Personal Property (other than cultural property)	<ul style="list-style-type: none"> • Can be retained or sold and proceeds used for current needs • Decisions to retain assets warrant careful consideration, in light of implications for valuation and usefulness for charitable purposes 	<ul style="list-style-type: none"> • Donation receipt for fair market value determined by appraisal • 50% of gain taxable, but tax credit will exceed tax on gain, resulting in net tax savings • Satisfaction of seeing gift at work now or in near term 	<ul style="list-style-type: none"> • Artworks, collections, furniture, equipment, collections, musical instruments, automobiles 	<ul style="list-style-type: none"> • Owners (generally over age 50) of objects which they no longer intend to use

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

Type of Gift	Benefits to the Charity	Benefits to the Donor	Acceptable Assets	Most Appropriate for:
Outright Gift of Certified Cultural Property	<ul style="list-style-type: none"> Immediately added to collection and available for display or exhibition 	<ul style="list-style-type: none"> Donation receipt for fair market value determined by appraisal (unless a tax-shelter arrangement) 100% contribution limit No tax on capital gain Satisfaction of preserving property of national significance 	<ul style="list-style-type: none"> Artworks, collections, artifacts or historic structures certified by Canadian Cultural Property Export Review Board (CCPERB) 	<ul style="list-style-type: none"> Owners (generally over age 50) of cultural treasures who would like to preserve the property within Canada
Interest-free Loan (normally payable on demand)	<ul style="list-style-type: none"> Provides capital for building or investment without interest cost 	<ul style="list-style-type: none"> Principal is recoverable Interest earned by charity on loaned funds not taxable to donor Satisfaction of helping charity today 	<ul style="list-style-type: none"> Cash and cash equivalents 	<ul style="list-style-type: none"> Persons (any age) who have more than enough current income but want to preserve all principal for their own future security and/or heirs
Charitable Gift Annuity (self-insured)¹	<ul style="list-style-type: none"> Irrevocable gift of whatever principal remains after making required payments 	<ul style="list-style-type: none"> Guaranteed life payments, all or substantially tax-free Donation receipt for a portion of contribution 	<ul style="list-style-type: none"> Cash or marketable securities 	<ul style="list-style-type: none"> Oldest donors (usually 65 and older) who want the security of guaranteed payments
¹ Note: Only charitable organizations (other than public or private foundations) and authorized under provincial law, may currently issue gift annuities.				
Type of Gift	Benefits to the Charity	Benefits to the Donor	Acceptable Assets	Most Appropriate for:
Charitable Gift Annuity (reinsured)²	<ul style="list-style-type: none"> Irrevocable gift of that portion of contribution retained after purchase of commercial annuity 	<ul style="list-style-type: none"> Guaranteed life payments, all or substantially tax-free A donation receipt for a portion of contribution 	<ul style="list-style-type: none"> Cash or marketable securities 	<ul style="list-style-type: none"> Older donors (usually 65 and older) who want the security of guaranteed payments
<p>****The information above is not intended to be a substitute for legal or financial advice that can be provided by your own lawyer, accountant, and/or financial advisor. The law varies by province, and it is constantly changing, and therefore it impacts each individual and business in different ways. As a result, it is recommended to seek outside financial and/or legal counsel relating to your specific circumstances as needed. You are hereby advised to consult with your tax consultant, accountant or lawyer for any and all questions and concerns you have, may have, or hereafter have regarding your own income and taxes services pertaining to your specific financial and/or legal situation.</p>				

Source: *Advancing Philanthropy Across Canada - A Gift Planning Matrix, Philanthroplan (revised)*
Original Source: *Planned Giving for Canadians, Minton & Somers (Adapted, updated, and revised)*