canadagives
MAKING YOUR LEGACY COUNT

Giving Matters

CASE STUDY: How to Make Philanthropy a Family Affair & Preserve the Financial Value of Your Estate

The "Give" & "Preserve"- Capital Replacement Program

Consider the Following Case:

Bill and Anne (both age 55 and non-smokers) would like to fund their Canada Gives Family Foundation account today so they can begin to create a Family Legacy and engage in philanthropy together with their children. They have earmarked $500,000 for their Foundation at Canada Gives, knowing it will generate annual grants and support charitable organizations "in perpetuity".

At the same time, Bill and Anne want to guarantee that the amount they take out for donations can safely be replaced back into their estate for their heirs.

The Strategy: A Capital Replacement Program

In order to accomplish both objectives, Bill and Anne might consider a capital replacement program. More specifically, an insurance policy with a face value of $500,000 could be designed to pay proceeds to Bill and Anne's estate after the passing of the last to die. Assuming standard rates, a $500,000 policy based on Bill and Anne's lives might cost just over $3,500/yr.

Based on a charitable donation of $500,000, Bill and Anne may save $232,050* in income taxes *(Ontario rate)*. The tax savings could be used to finance the annual premium requirements on the insurance policy for over 66 years, even without earning interest on the refund.

So, Bill and Anne can help their family both ways!
Creating a Family Legacy they can enjoy together Today & Preserving their Estate for Tomorrow.

Financial Summary

The Give	
Donation to Canada Gives directed to Bill & Anne's Foundation	**$ 500,000**
Tax Credit: ($500,000 x 46.41% *Ontario Rate*)	**$ 232,050**

Note: Tax benefit would be higher if donation was made with securities-in-kind

The Preserve	
Beneficial assets from Insurance Policy	**$ 500,000**
Premium Payment:	**$ 3,500/year**

Note: The tax benefit from their donation could fund the premiums for over 66 years – consider that life expectancy is likely only 35 – 40 years.

** Please note the example described herein is provided for illustrative purposes only and individuals should consult their own professional tax advisor.*