

## Professional Advisors eResource Canadian Charitable Gift Matrix

Type of Gift	Benefits to Charitable Organizations	Benefits to the Donor	Gift Examples	Most Appropriate For
<b>Gift of cash</b>	<ul style="list-style-type: none"> <li>Available for immediate use</li> <li>Liquid</li> <li>No risk</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for full amount</li> <li>Straightforward transactions</li> <li>Satisfaction of seeing gift at work today</li> </ul>	<ul style="list-style-type: none"> <li>Cash</li> <li>Cheque</li> <li>Credit Card</li> <li>Pre-Authorized Contributions (PAC), usually paid monthly</li> </ul>	<ul style="list-style-type: none"> <li>Everyone (any age) who can afford to give up some principal and the interest it would otherwise earn</li> </ul>
<b>A Gift of Publicly Listed Securities</b> (including segregated & mutual fund units)	<ul style="list-style-type: none"> <li>Immediate Use</li> <li>Liquid</li> <li>Little risk</li> <li>Generally simple and low cost to implement</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for fair market value</li> <li>No capital gains tax</li> <li>Satisfaction of seeing gift at work today</li> </ul>	<ul style="list-style-type: none"> <li>Stocks</li> <li>Bonds</li> <li>Mutual Fund Units</li> <li>Employee Stock Option Shares</li> </ul>	<ul style="list-style-type: none"> <li>Owners (any age) of stocks, bonds and other securities who can afford to give the asset and the interest or dividends it earns</li> </ul>
<b>Life Insurance Policy</b> (charity named as owner and irrevocable beneficiary)	<ul style="list-style-type: none"> <li>Immediate access to cash value, assurance of death proceeds if policy retained (Term policies are often not retained as donor gets older)</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for cash value and any future premiums paid</li> <li>Small current outlay leveraged into larger future gift</li> </ul>	<ul style="list-style-type: none"> <li>Any whole life policy (participating or universal)</li> <li>Term policy (personal)</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>
<b>Life Insurance</b> (charity named as beneficiary but not owner)	<ul style="list-style-type: none"> <li>Will receive death proceeds unless donor changes beneficiary designation</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction of providing a future gift while retaining full control of policy</li> <li>Donation receipt to estate for full value of death proceeds</li> </ul>	<ul style="list-style-type: none"> <li>Any type of life insurance policy</li> </ul>	<ul style="list-style-type: none"> <li>Persons (any age) whose personal needs and family situation may be subject to change</li> </ul>
<b>Bequest of Retirement Plan Accumulations</b>	<ul style="list-style-type: none"> <li>Future gift provided beneficiary designation(s) and/ or bequest wording are not changed</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction of providing a possible future gift while preserving personal security</li> <li>Gift receipt that offsets tax on distribution of retirement funds</li> </ul>	<ul style="list-style-type: none"> <li>Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) accumulations</li> </ul>	<ul style="list-style-type: none"> <li>All individuals, but especially single persons, and surviving spouses who have made other provisions for heirs</li> </ul>
<b>Bequest by Will</b>	<ul style="list-style-type: none"> <li>Expectancy of future gift provided that bequest wording is not changed</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction of providing for future gift while retaining full control of property</li> <li>Donation receipt for use with final income tax return</li> <li>For bequest of listed securities, no capital gain tax, for most other property 50% of capital gain will be taxable but can be offset by tax credit from gift, likely resulting in tax savings to estate</li> </ul>	<ul style="list-style-type: none"> <li>Cash, securities, real estate, tangible personal property</li> </ul>	<ul style="list-style-type: none"> <li>All individuals (any age), but especially older persons with few or no heirs</li> </ul>

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<b>Shares in a Privately-Owned Corporation</b>	<ul style="list-style-type: none"> <li>Public charity - Donation receipt for appraised market value at time of gift, issued immediately (if gift to public charity)</li> <li>Private Foundation - Donation receipt issued only when foundation sells shares. Receipt value is the lesser of amount realized by foundation and the fair market value at time of gift</li> <li>50% of capital gain taxable, offset by tax credit from donation receipt</li> </ul>	<ul style="list-style-type: none"> <li>Public charity - Donation receipt for appraised market value at time of gift, issued immediately (if gift to public charity)</li> <li>Private Foundation - Donation receipt issued only when foundation sells shares. Receipt value is the lesser of amount realized by foundation and the fair market value at time of gift</li> <li>50% of capital gain taxable, offset by tax credit from donation receipt</li> </ul>	<ul style="list-style-type: none"> <li>Shares held in privately-owned corporation</li> </ul>	<ul style="list-style-type: none"> <li>Entrepreneurs who are philanthropic</li> <li>Venture philanthropists</li> </ul>
<b>Gift of Real Estate</b>	<ul style="list-style-type: none"> <li>Proceeds available as soon as property is sold</li> <li>Sometimes property itself can be retained and used</li> <li>Valuation and ongoing maintenance considerations can add complexity to gift administration</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for fair market value (FMV) determined by appraisal (independently obtained by charity)</li> <li>50% of gain taxable, (unless property is donor's primary residence, in which case no taxable capital gain), offset by tax credit from donation receipt</li> </ul>	<ul style="list-style-type: none"> <li>Real estate including principal residence, vacation properties, and investment properties</li> </ul>	<ul style="list-style-type: none"> <li>Owners (generally over 50) of a principal residence or investment property who do not need the property or the proceeds from its sale</li> </ul>
<b>Gifts of Tangible Personal Property</b> (other than cultural property)	<ul style="list-style-type: none"> <li>Can be retained or sold and proceeds used for current needs</li> <li>Decisions to retain assets warrant careful consideration, in light of implications for valuation and usefulness for charitable purposes, and ability to issue donation receipt</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt (if applicable*) for fair market value determined by appraisal</li> <li>50% of gain taxable, offset by tax credit from donation</li> <li>Satisfaction of seeing gift at work now or in near term</li> </ul>	<ul style="list-style-type: none"> <li>Artworks, furniture, equipment, collections, automobiles, musical instruments</li> </ul>	<ul style="list-style-type: none"> <li>Owners (generally over age 50) of objects which they no longer intend to use</li> </ul>
<b>Charitable Remainder Trust (CRT)</b>	<ul style="list-style-type: none"> <li>Irrevocable future gift of remaining trust assets</li> <li>While often complex to administer, can be a highly effective gift planning instrument in selected circumstances</li> <li>Trust cannot allow encroachment of capital or guaranteed income</li> </ul>	<ul style="list-style-type: none"> <li>Net income from property for life or a term of years</li> <li>May result in donation receipt for present value of the remainder interest issued at time trust established</li> <li>Property not subject to probate</li> </ul>	<ul style="list-style-type: none"> <li>Cash, securities, real estate</li> </ul>	<ul style="list-style-type: none"> <li>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</li> </ul>

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<b>Gift of Residual Interest in real estate or artworks</b>	<ul style="list-style-type: none"> <li>Irrevocable future gift of property</li> </ul>	<ul style="list-style-type: none"> <li>Ability to continue using property for life or term of years</li> <li>Donation receipt for present value of residual interest issued at time of gift</li> <li>Avoidance of tax of a portion of capital gain if donor retains life interest</li> <li>Property not subject to probate</li> </ul>	<ul style="list-style-type: none"> <li>Principal residence, other real estate, artworks</li> </ul>	<ul style="list-style-type: none"> <li>Persons (generally over age 60) who otherwise would give the property under their will</li> </ul>
<b>Outright Gift of Certified Cultural Property</b>	<ul style="list-style-type: none"> <li>Immediately added to collection and available for display or exhibition</li> </ul>	<ul style="list-style-type: none"> <li>Donation receipt for fair market value determined by appraisal</li> <li>100% contribution limit</li> <li>No tax on capital gain</li> <li>Satisfaction of preserving property of national significance</li> </ul>	<ul style="list-style-type: none"> <li>Artworks, collections, artifacts or historic structures certified by Cultural Property Review Board (CPRB)</li> </ul>	<ul style="list-style-type: none"> <li>Owners (generally over age 50) of cultural treasures who would like to preserve the property within Canada</li> </ul>
<b>Interest-free Loan</b> (normally payable on demand)	<ul style="list-style-type: none"> <li>Provides capital for building or investment without interest cost</li> <li>Public Foundations (like community foundations) not currently eligible for these gifts due to debt restrictions under the <i>Income Tax Act</i></li> </ul>	<ul style="list-style-type: none"> <li>Principal is recoverable</li> <li>Interest earned on loaned funds not taxable to donor</li> <li>Satisfaction of helping charity today</li> </ul>	<ul style="list-style-type: none"> <li>Cash and cash equivalents</li> </ul>	<ul style="list-style-type: none"> <li>Persons (any age) who have more than enough current income but want to preserve all principal for their own future security and/or heirs</li> </ul>
<b>Charitable Gift Annuity*</b> (self-insured)	<ul style="list-style-type: none"> <li>Irrevocable gift of whatever principal remains after making required payments</li> </ul>	<ul style="list-style-type: none"> <li>Guaranteed life payments, all or substantially tax-free</li> <li>A donation receipt for a portion of contribution</li> </ul>	<ul style="list-style-type: none"> <li>Cash or marketable securities</li> </ul>	<ul style="list-style-type: none"> <li>Oldest donors (usually 65 and older) who want the security of guaranteed income payments</li> </ul>
<b>Charitable Gift Annuity</b> (reinsured)	<ul style="list-style-type: none"> <li>Irrevocable gift of that portion of the contribution retained after purchasing commercial annuity</li> </ul>		<ul style="list-style-type: none"> <li>Cash or marketable securities</li> </ul>	<ul style="list-style-type: none"> <li>Oldest donors (usually 65 and older) who want the security of guaranteed income payments</li> </ul>

\*Note: Only charities designated as charitable organizations (i.e. not public or private foundations) and authorized under provincial law, may currently issue gift annuities.

Source: Minton & Somers, Planned Giving for Canadians, Third Edition (Adapted and revised)