

# Gift Planning Matrix

Type of Gift	Benefits to Charitable Organizations	Benefits to the Donor	Acceptable Assets	Most Appropriate For
<b>Outright 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 (including segregated &amp; mutual fund units)</b>	<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>• Only <b>25%</b> of gain taxed if gift to a public charity (<b>50%</b> if to a private foundation)</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 (Charity named as owner and irrevocable beneficiary)</b>	<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 (charity named as beneficiary but not owner)</b>	<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>



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<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, 25% of gain taxable, for other property 50%, but tax credit on gain, 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>
<b>Shares in a privately-owned corporation</b>	<ul style="list-style-type: none"> <li>• Share may pay dividends</li> <li>• Charity may be able to sell shares in near term, or may hold them for an indefinite period</li> </ul>	<ul style="list-style-type: none"> <li>• Donation receipt for appraised value, issued immediately (if gift to public charity). Donation receipt of lesser of selling price and transfer value, issued when shares are sold (if gift to private foundation)</li> <li>• <b>50%</b> of gain taxable, but donation tax credit will exceed tax on gain</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>Outright 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</li> <li>• <b>50%</b> of gain taxable, but tax credit will exceed tax on gain, resulting in net tax savings</li> </ul>	<ul style="list-style-type: none"> <li>• Real Estate</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>Outright "In-Kind" Gift of Tangible Personal Property (other than cultural property)</b>	<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</li> </ul>	<ul style="list-style-type: none"> <li>• Donation receipt for fair market value determined by appraisal</li> <li>• <b>50%</b> of gain taxable, but tax credit will exceed tax on gain, resulting in net tax savings</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>



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<b>Charitable Remainder Trust (CRT)</b>	<ul style="list-style-type: none"> <li>• Irrevocable future gift of remaining principal</li> <li>• While often complex to administer, can be a highly effective gift planning instrument in selected circumstances</li> </ul>	<ul style="list-style-type: none"> <li>• Net income from property for life or a term of years</li> <li>• Donation receipt for present value of the remainder interest</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>
<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</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>• <b>100%</b> 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 (normally payable on demand)</b>	<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>



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<b>Charitable Gift Annuity (self-insured)<sup>1</sup></b>	<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 (reinsured)<sup>2</sup></b>	<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 payments</li> </ul>	

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

2. **Note:** Currently public and private foundations, including Canada's Community Foundations, may not reinsure gift annuities.

## Rating System:

### SEEK!

Most attractive to Community Foundations – Easy to Accept and Administer, Minimal Complexity, Most Flexible

### CAUTION!

Less attractive to Community Foundations – More Complex Administration, Appraisals required. Suitable only in certain situations.

### AVOID!

Community Foundations should *currently* avoid (or redirect) these gifts due to various legislative and regulatory restrictions

**Source:** Minton & Somers, *Planned Giving for Canadians*. (Adapted and revised)

