



## Types of Planned Gifts and Tax Advantages for Donors in Ontario

### Overview

Armagh is dedicated to assisting women and their children who have experienced or witnessed physical, psychological, emotional, financial or sexual abuse.

Armagh provides these women and families with secure and affordable second-stage (or transitional) housing for up to one year, and helps them make plans for independent living. Armagh also offers counselling in a safe and supportive environment, gives referrals, advocates on behalf of its clients, and provides additional support for up to one year after a client leaves. Armagh is a registered Canadian charity, and is the only organization of its kind in the Region of Peel.

Armagh welcomes many different forms of giving, including planned gifts (also known as legacies). Planned gifts may be either current (immediate) or future (deferred) gifts, such as:

- Charitable bequests
- Gifts of life insurance
- Charitable gift annuities
- Donations of RRSPs and RIFFs
- Gifts of publicly-traded securities such as stocks, bonds and mutual fund units

Please note that Armagh does not accept gifts of property of any kind.

Once you've taken care of your loved ones in your estate plans, please consider making a planned gift to Armagh. All planned gifts should take your personal financial situation and needs into account. Please consult with your tax, financial and/or legal advisor to determine what type of planned gift would be best for you, your heirs and your estate.

Planned gifts to Armagh of all sizes are welcome and appreciated, and your legacy gift will change the lives of women and their children who are fleeing abuse. As one of Armagh's former residents shares:

*“Day by day I take a piece back of myself and have grown stronger and happier than ever in the process. It is a hard road to travel... I still have the odd bad day and have trouble even thinking about even getting into another relationship as I am scared, but anything is possible and Armagh helped me believe that. I was in a shell, feeling empty and alone, unsure of where I could go and who I could tell my fears to. It has now been a year since I left Armagh, and I thank them for their support. They believed in me, listened to my fears and helped me build my confidence and strength. I am no longer so scared.”*

Your planned gift will make it possible for women and children at Armagh begin a new, independent life that's free from violence in the future. Thank you for your generosity, commitment and support.

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## Types of Planned Gifts

Planned gifts can help donors achieve their philanthropic goal of leaving a legacy for their favourite causes while fulfilling their personal and financial objectives. Armagh accepts the following types of planned gifts:

Charitable Bequest: A bequest is a donation designated in your will to Armagh. It can be in the form of a certain amount of money or a percentage of whatever remains after expenses and other bequests are paid from your estate (known as ‘the residual’). Bequests are an attractive way of leaving a legacy as you retain full use of your assets during your lifetime. Bequests are revocable and can be altered if your financial circumstances change. Bequests are also a tax-effective means of leaving a legacy, as they can minimize the tax liability on your estate.

Gift of Life Insurance: A gift of life insurance is an inexpensive way to create a legacy. Naming a charity such as Armagh as the owner and beneficiary of a life insurance policy can entitle you to income tax credits on premium payments or an income tax receipt for the cash value of an existing policy in the year that it is donated. You can designate Armagh as a beneficiary on a policy you own and your estate will receive the tax benefit when the gift is received at a future date. Or, you can transfer the ownership of an existing policy to Armagh or purchase a new policy with the express purpose of donating it to Armagh. In these cases, you’ll receive tax benefits related to the premiums paid on the policy during your lifetime.

Charitable Gift Annuity: Creating a gift annuity is a method you can utilize to develop a legacy for the future while receiving a stable lifetime income stream with an immediate tax savings. As the donor, you make a contribution to Armagh (minimum of 20% of the annuity’s principal amount) and Armagh enters into an agreement with you to provide an annual annuity income. Part of the donated funds (as determined by you) becomes an immediate gift to Armagh. The remainder of the donation is used to purchase a commercial annuity, from which you’ll receive the annual income. The annuity income will depend on your age and the size of your contribution and is guaranteed.

Donation of RRSPs and RIFs: Armagh can be designated as the beneficiary of an RRSP (registered retirement savings plan) or a RIF (registered retirement income fund). If the beneficiary of an RRSP or a RIF is other than a surviving spouse or dependents, the full value of the assets accumulating in the plan will be taxed as ordinary income in the year of death. Therefore, the donation of RRSPs and RIFs are an effective way of making a gift to Armagh while minimizing future tax implications. This type of donation is also an effective way for a single individual without dependents to make a more substantial gift. The donor benefits from retaining full access to all their retirement funds during their life, and the entire remaining amount passes to Armagh tax-free (as the tax credit offsets the tax on distribution).

Gift of Securities: You can turn your investments into gifts for Armagh. Directly donating appreciated stocks, bonds and mutual fund units is the most tax-effective way to make a gift, because the tax on capital gains is eliminated when transferring securities directly to a charity like Armagh. You’ll receive a donation receipt for the full appreciated value of a donation of publicly traded stock or securities and you won’t be subject to any capital gains tax. You can make provisions for a gift of securities in your will, and/or donate securities to support Armagh today. Shares can be electronically transferred from your account to Armagh, and the receipt value will be based on the closing trading price the day Armagh receives delivery of the shares.

## Tax Advantages for Donors in Ontario

### Cash Donations

The following summary illustrates the tax benefits of making a cash gift to Armagh.

#### Percentage Tax Credit on Charitable Donations – Ontario Residents (2014)

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Tax Credit Type	First \$200	In Excess of \$200
Federal Tax Credit	15%	29%
Provincial Tax Credit	5.05%	11.16%
<b>Total</b>	<b>20.05%</b>	<b>40.16%</b>

#### Approximate Tax Savings on Charitable Donations – Ontario Residents (2014)

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Donation (annual)	\$1,000	\$5,000	\$10,000	\$25,000	\$50,000	\$100,000
Tax credit on donation	<u>\$361</u>	<u>\$1,968</u>	<u>\$3,976</u>	<u>\$10,000</u>	<u>\$20,040</u>	<u>\$40,120</u>
Net Cost	<b>\$639</b>	<b>\$3,032</b>	<b>\$6,024</b>	<b>\$15,000</b>	<b>\$29,960</b>	<b>\$59,880</b>

#### Percentage Tax Credit on Charitable Donations – Ontario Residents who qualify for the First-Time Donor's Super Credit (for monetary donations up to \$1,000 made after March 20, 2013)

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Tax Credit Type	First \$200	In Excess of \$200 up to \$1,000
Federal Tax Credit	15%	29%
Provincial Tax Credit	5.05%	11.16%
First-Time Donor's Super Credit	25%	25%
<b>Total</b>	<b>45.05%</b>	<b>65.16%</b>

#### Approximate Tax Savings on Charitable Donations – Ontario Residents who qualify for the First-Time Donor's Super Credit

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Donation (annual)	\$100	\$200	\$500	\$750	\$1,000
Tax credit on donation	<u>\$ 45</u>	<u>\$ 90</u>	<u>\$286</u>	<u>\$449</u>	<u>\$ 611</u>
Net Cost	<b>\$ 55</b>	<b>\$110</b>	<b>\$214</b>	<b>\$301</b>	<b>\$ 389</b>

## Donation of Publicly-Traded Securities

The following summary illustrates the advantages of donating securities directly to Armagh as opposed to selling securities first and then giving cash.

### Assumptions:

- The donor wishes to make a gift of \$100,000 of publicly-traded securities
- The donor's total income is sufficient to claim the full donation
- The adjusted cost base of the securities is \$50,000
- Marginal Tax rate for \$100,000 is 43.41% (2014)

### Capital Gains Tax Payable

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	Sell Shares & Donate Cash	Gift of Securities
Value of Shares Sold/Donated	\$100,000	\$100,000
Cost of Shares	<u>\$50,000</u>	<u>\$50,000</u>
Capital gain	\$50,000	\$50,000
Taxable Portion of Capital Gain	\$25,000 (50%)	\$0
<b>Capital Gains Tax Payable</b>	<b>\$10,853</b>	<b>\$0</b>

### Total Cost of Gift

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	Sell Shares & Donate Cash	Gift of Securities
Donation	\$100,000	\$100,000
Add: Tax on Capital Gain	\$10,853	\$0
Less: Donation Tax Credit	\$40,120	\$40,120
<b>Total Cost</b>	<b>\$70,733</b>	<b>\$59,880</b>

*Note: The above charts are for illustration purposes only. Please refer to Canada Revenue Agency guidelines at all times, available at <http://www.cra-arc.gc.ca/chrts-gvng/dnrs/menu-eng.html>. Armagh recommends that donors discuss these matters with their tax, financial and/or legal advisor to receive the best advice for their personal situation. The responsibility regarding evaluations, tax deductibility, and/or similar legal local, provincial or federal compliance issues rests with donors and their counsel.*