

**Publicly Traded Securities:** With the changes in federal tax laws in 2006 eliminating all capital gains taxes on stocks, bonds or mutual funds given directly to charity, gifts of publicly traded securities have become one of the most popular ways to make a planned gift. If your congregation does not have its own stockbroker, you can use the services of The Presbyterian Church in Canada's stockbroker.

**Gifts of Residual Interest:** This is a fancy way of saying that you can have your cake and eat it too! For example, you could give your home to the church, receive immediate tax benefits for your gift, and continue to live in your home for the rest of your life. Gifts of residual interest can be complicated, so it is important to have proper appraisals made and legal contracts drawn up and signed by all parties.

**Charitable Remainder Trusts:** Many donors want to make a gift to the church and also want to ensure that their loved ones are properly provided for. A charitable remainder trust may be the solution to this dilemma. A trust is established providing financial support for a dependent child or spouse for as long as they live or for a set period of time. When they no longer need the support, the money remaining in the trust goes to the ministries of the church you have designated.

*"None of us leaves this life without having given everything away – to someone, somewhere. The only question for us is this: to whom do we want to bequeath the wealth God has entrusted to us?"*  
– Doug Conlan, Gift Planner

## *An Example of Generosity*

Mrs. X had been part of her church choir since she was a teenager. It was the music of the church that spoke to her the most in worship and gave her the words to speak to God. She was also grateful to the church camp where her daughter was re-introduced to Christ and experienced her call to ministry. Mrs. X decided to tithe her estate to the church, designating half of her bequest to her congregation's endowment fund to support its music ministry and half to the camp to establish a permanent scholarship in her daughter's name. When Mrs. X died, her daughter found great comfort in her mother's generosity and is deeply honoured that her own name is attached to her mother's gift.

*"My parents taught me that everything ultimately belongs to God and to tithe my current income as a practical way of saying 'Thank you' to God. It seems only natural that I should also tithe my assets through my will."*

## *For Further Information*

The staff in the Planned Giving Office are available to offer whatever information and guidance you need to help you turn your philanthropic wishes into reality. Contact us by phone, email or letter. For additional information and more examples of generosity, be sure to check out the Planned Giving website.

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The information in this brochure does not constitute legal or professional advice and should not be substituted for appropriate professional advice. The Presbyterian Church in Canada encourages you to seek professional legal and financial advice before deciding on a course of action.

# Planned Giving

An exciting way to fund the Church's ministry for generations to come



*Planting seeds of hope.  
For generations to come.*

 The Presbyterian Church in Canada

## Planned Giving

As Presbyterians, we are all familiar with the money we give to the church through our weekly offering or some other special appeal (e.g. emergency relief appeals such as Hurricane Katrina through PWS&D). These contributions usually come from our current income and are intended to fund the immediate needs and programs supported through the annual operating budgets of our local congregation and the national church (i.e. *Presbyterians Sharing*).

We are less familiar with the many ways that we can support the church and its various ministries with donations from our accumulated assets (e.g. real estate, stocks and bonds, RRSPs and RRIFs, life insurance, etc.). Such gifts may be deferred (e.g. a bequest through a will) or they may be an immediate gift available for immediate use (e.g. a gift of stock). Generally, these gifts are intended to provide additional money to fund new ministries or to support the long-term ministry objectives of the church (e.g. a capital campaign or endowment fund). A certain amount of planning is often involved in such gifts to maximize the tax benefits and to ensure that the gift meets the philanthropic goals of the donor and the ministry objectives of the church. Because such gifts involve planning, they have come to be called “planned gifts,” and the professionals involved in helping donors to make the gift are called “gift planners.”



## Characteristics of Planned Gifts

1. They are usually given from our accumulated assets rather than from our current income.
2. They tend to be larger-in-size than the gifts we give regularly from our current income.
3. They are usually used to fund the long-term ministry objectives of the church rather than the annual budgetary goals of the church.
4. They often involve planning to take full advantage of the tax benefits.

## Tax Benefits of Planned Giving

Tax laws in Canada are changing to encourage Canadians to give generously to charities from their assets, not just their current income. Did you know that up to 100% of net income can be claimed as a charitable gift during the year of death? The executor for your estate can also apply any unused tax credits to your previous tax-year, again up to 100% of your net income. This means that you can make a substantial gift to the church through your estate, and your heirs can benefit from the tax savings.

The tax advantages of giving while you are still living are even greater. Up to 75% of your annual net income can be claimed as a charitable gift in any one year while you are still living. Furthermore, any unused credits can be carried forward for an additional five years. More and more Canadians are

*“To me it is wonderful that I can continue to contribute to the ministry of the church long after I have died by giving a portion of my assets to my congregation’s endowment. It’s sort of like being part of that ‘great cloud of witnesses’ described in Hebrews 12:1.”*

choosing to make sizeable donations to the charities of their choice while they are still living in order to take full advantage of the tax-benefits and because they want to see the fruit of their generosity while they are still alive.

In 2006, the federal government completely eliminated the capital gains tax on gifts of publicly traded securities (i.e. stocks, bonds and mutual funds) given directly to charity. (If you sell a stock privately, you are taxed on 50% of the capital gains.) Donors also receive a donation tax receipt for the full market value of the security on the day the security is received by the church. Gifts of securities that have appreciated in value are a tax-smart way to support the church and its ministries.

It is important to emphasize that such gift planning strategies are not a form of tax evasion; rather, they are utilizing the tax laws precisely as they were intended to be used. Current tax laws are intended to ensure that planned giving is a “win-win” - a win for donors who can experience the joy of giving larger gifts than they may have thought possible because of the accompanying tax benefits, and a win for charities and the expanded work they are able to do with the additional funding.

## Ways to Make a Planned Gift

There are many ways to make a planned gift to the church. Each of them has its own benefits and tax considerations. Some of them are better suited to older donors, others to younger donors. Because every donor’s situation is unique, it is important to consult a trusted professional estate planner, financial advisor or tax specialist, before taking action. Remember, planned giving is intended to benefit both the church and the donor. Some of the ways to make a planned gift include:

**Wills and Bequests:** This is the most familiar way that people leave a legacy for the church. If you want to make a charitable bequest, you must have a legal will. You can designate either a specific amount, a percentage of your estate or the residue remaining in your estate after you have provided for all other beneficiaries and paid all debts and administrative fees.

**Life Insurance:** You can give a paid-up policy to the church or make the church a beneficiary of an existing policy. You can also acquire a new policy naming the church as the owner and beneficiary. In this case, you receive a tax receipt for all annual premiums. Life insurance is an excellent way for younger donors with limited assets to leave a substantial legacy to the church.

**Gift Annuities:** Designed for donors sixty years old and older, gift annuities are a way that you can give a gift to the church and in return receive a guaranteed income for the rest of your life (or you and your spouse or sibling). Donors receive a one-time tax receipt in the year they make their gift, and the majority or all of the annual income is tax-free. You may designate your congregation or any ministry or ministries within the church to be the beneficiary of your gift.