



THE  
FAMILY  
OFFICE™

*Preserving wealth. Creating legacies.*

# Charitable Planned Giving: Keeping Your Tax Dollars in Alberta

H.L. (Hal) Button CFP, R.F.P., TEP  
Philanthropic Advisor



# Today's Topics

1. Evolution of Family Philanthropy
  2. Alberta Advantage
  3. Bequest in your will
4. Donation of Securities/Mutual Funds
  5. Family Foundation



# Charity vs Philanthropy

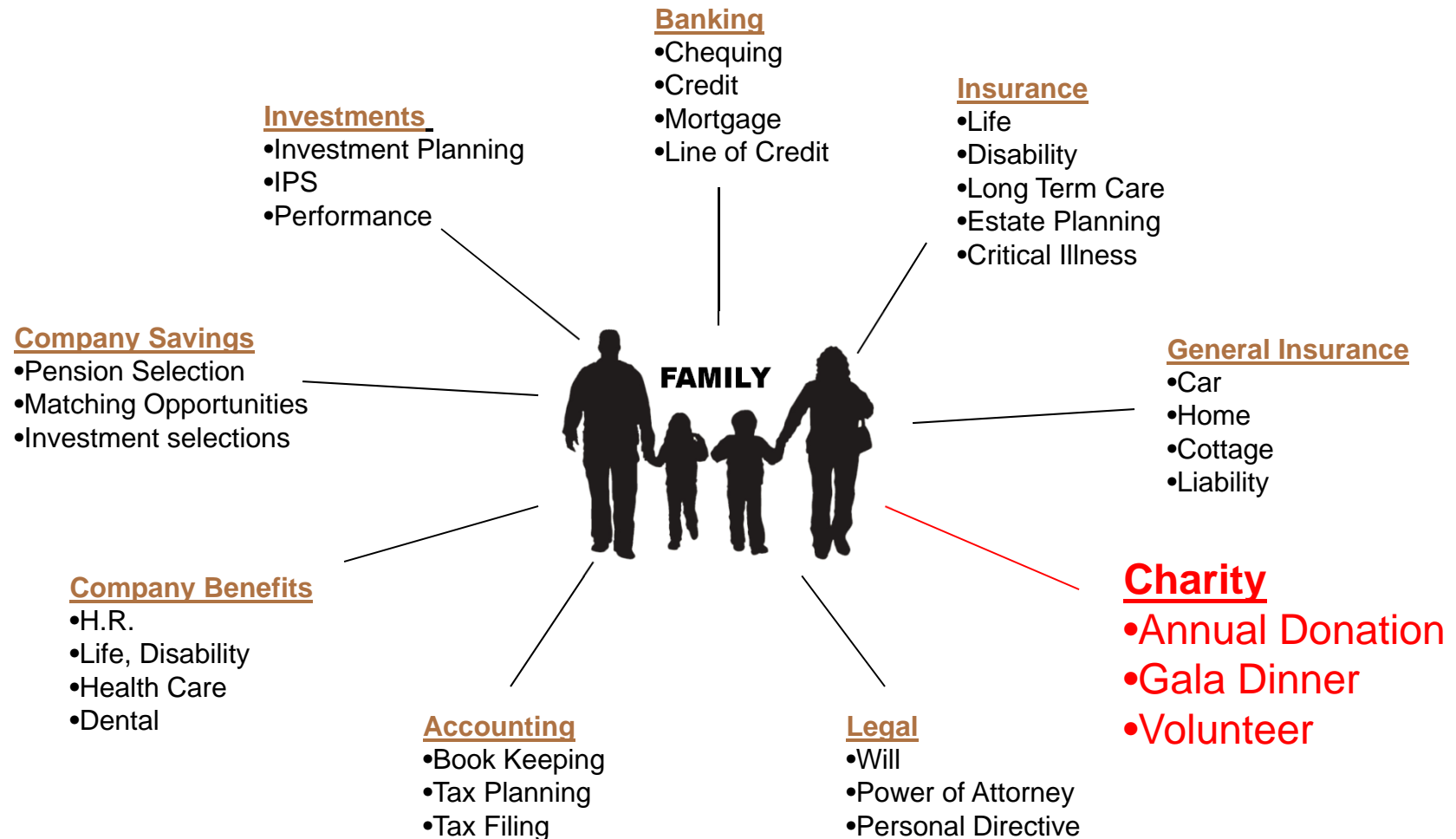
## Charity

is typically unplanned and is generally thought of as direct, small and irregular cash contributions to charity.

## Philanthropy

is part of an organized, ongoing and long-term approach to gifting. “Planned giving” is designed not only to benefit the charitable organization, but also to give the donor such benefits as current tax credits, avoiding capital gains taxes and reducing estate taxes.

# Where does Philanthropy fit?

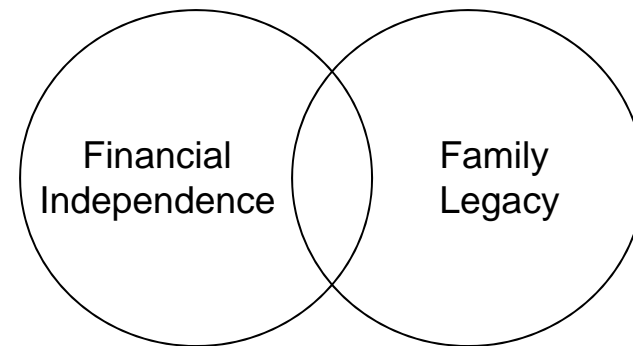


# Evolution of Family Philanthropy

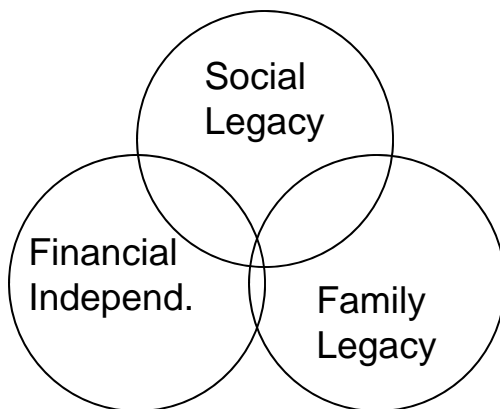
## Phase I



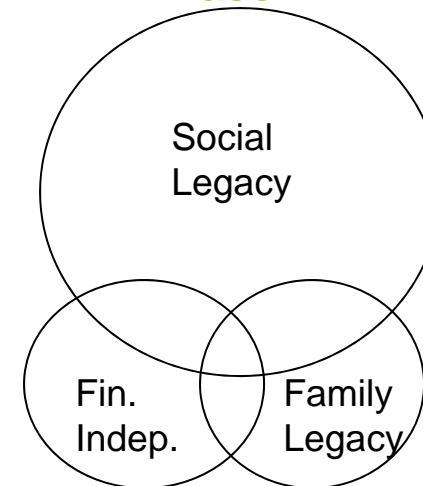
## Phase II

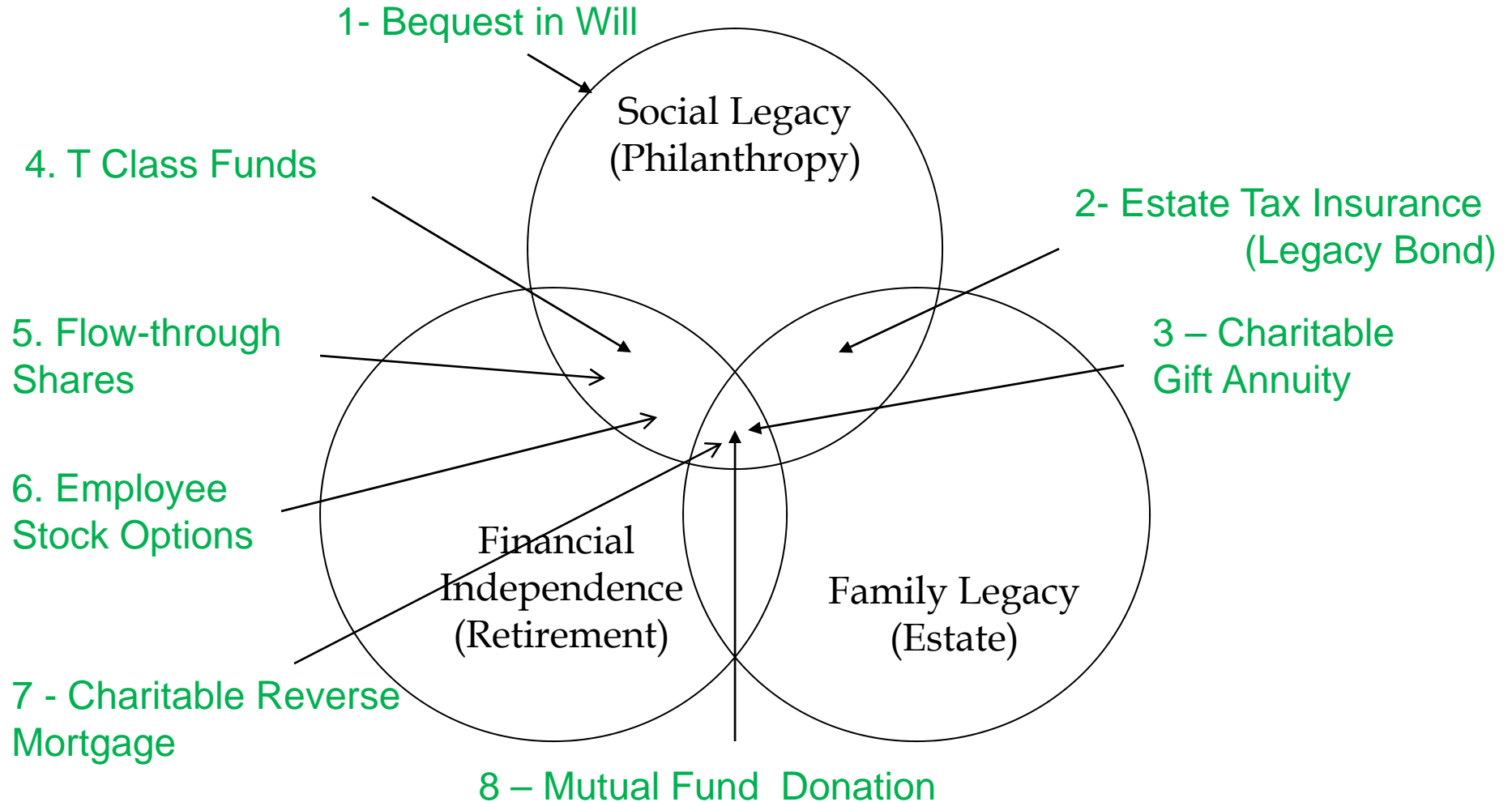


## Phase III



## Phase IV





“To give away money is an easy matter and in any man’s power. But to decide to whom to give it, and how large and when, and for what purpose and how, is neither in every man’s power – nor an easy matter”

Aristotle



THE  
FAMILY  
OFFICE™

*Preserving wealth. Creating legacies.*

**Alberta Advantage**  
**50% Tax Credit**



# Charitable Tax Credit

## Donation's under \$200

Federal Tax Credit @ 15%

Provincial Tax Credit @ 10%

Total Tax Credit – 25%

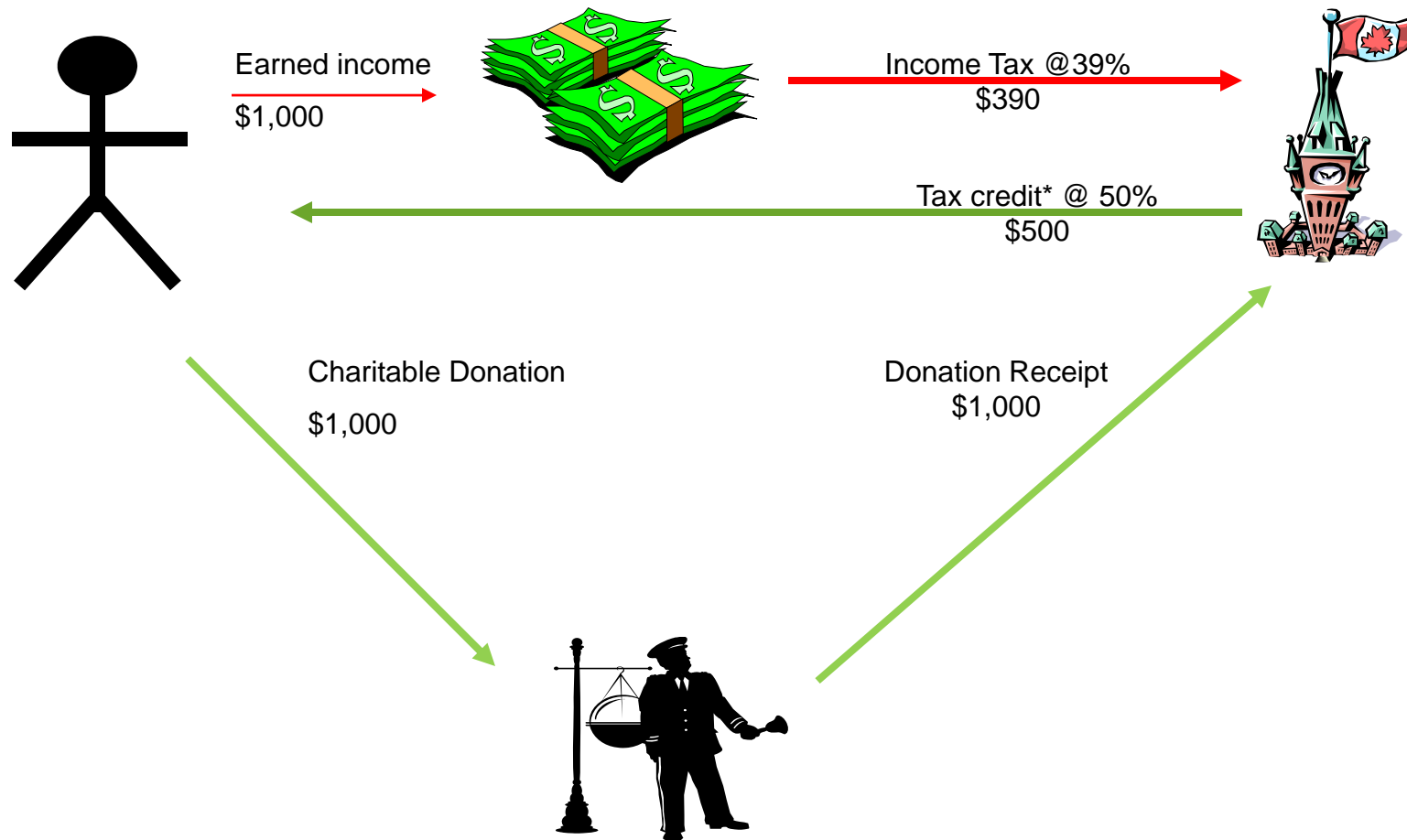
## Donation's over \$200

Federal Tax Credit @ 29%

Provincial Tax Credit @ 21%

Total Tax Credit – 50%

# Donations (50% Tax Credit)





## Combined Federal/Alberta Income Tax Rates

\$30,000 of income pays 14.2% tax

\$50,000 of income pays 19.8% tax

\$70,000 of income pays 23.3% tax

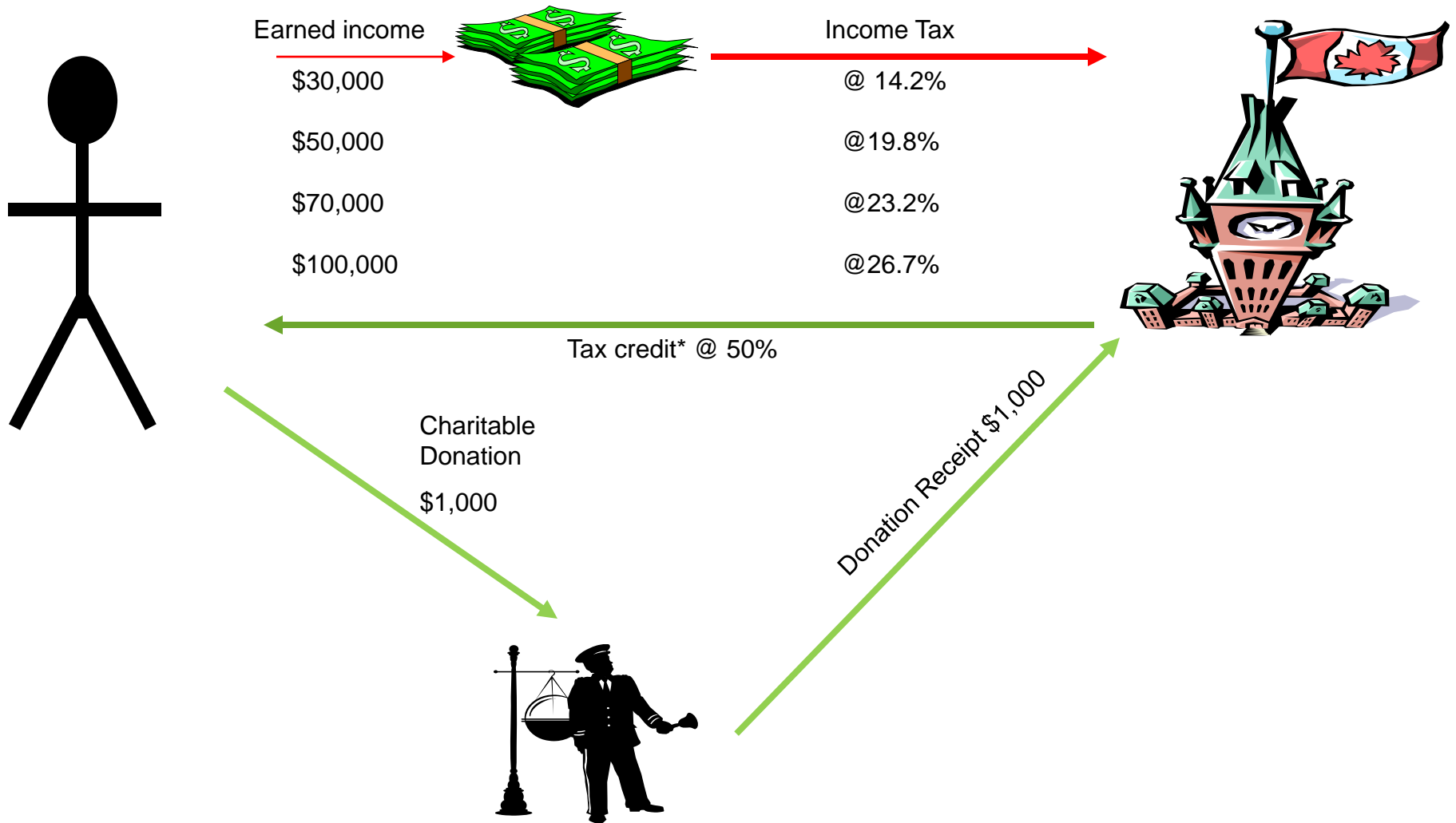
\$90,000 of income pays 25.6% tax

\$100,000 of income pays 26.7% tax

\$150,000 of income pays 30.3% tax

Highest Tax Rate 39%

# Donations (Advantage to Lower Income Donor)





THE  
FAMILY  
OFFICE™

*Preserving wealth. Creating legacies.*

**Bequest in Your Will**

By 2015, two million Canadians will die without a will.

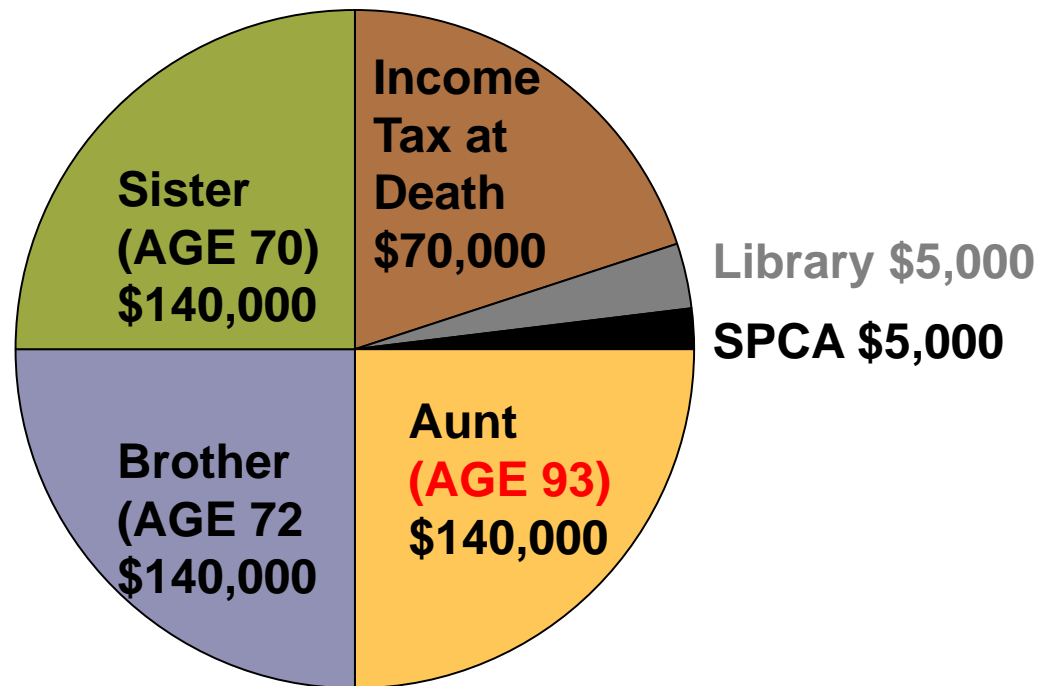
- Only 51% of Canadians have a will document
- Only 20% have included a charitable bequest in their will
- Yet, 34% they would include a charity in their will, if asked.



# Wills Check-List

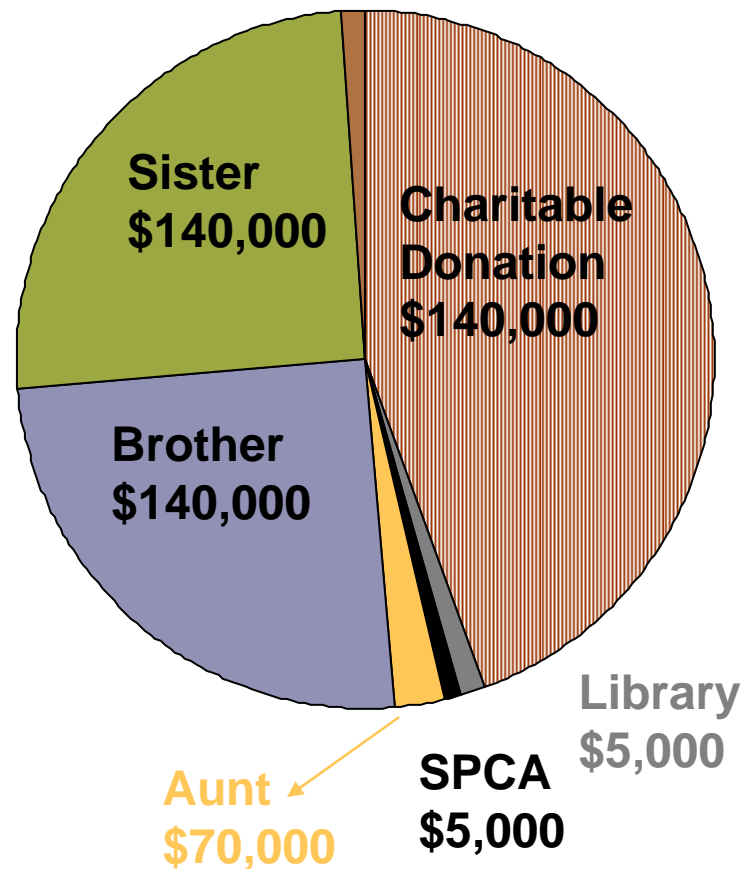
- Executor
- Funeral Arrangements
  - Debts
  - Estate Taxes
- Bequests/Social Legacy
- Deal with specific items
- Special Financial Needs
  - Family Law Claims
  - Trusts

- Specific Bequest (Gift of Cash)
- Specific Bequest (Gift of Property)
  - Residual Bequest
- Elimination of Estate Taxes



# Bequest in will, Estate Tax Elimination

Taxes \$0





# Philanthropic Estate Planning – A Good Death

“To Pay or to transfer as a charitable donation to *the charity of your choice* sufficient funds or specific assets as determined by my Trustee in his absolute discretion, to achieve the maximum allowable reduction, including if possible the **complete elimination, of any federal and provincial Canadian income tax** which would otherwise be payable by myself or my estate in the year of my death and the year preceding my death .”



# Dealing with Estate Taxes

There are only three methods for you to consider in dealing with the ultimate payment of your estate tax bill.

Method 1 – Pay the tax bill using existing assets.

Method 2 – Eliminate the tax bill using existing assets as a charitable bequest.

Method 3 – Eliminate the tax bill using life insurance (Legacy Bond) as a charitable bequest.



Death isn't your best  
opportunity to give;

It's your last  
opportunity to give.



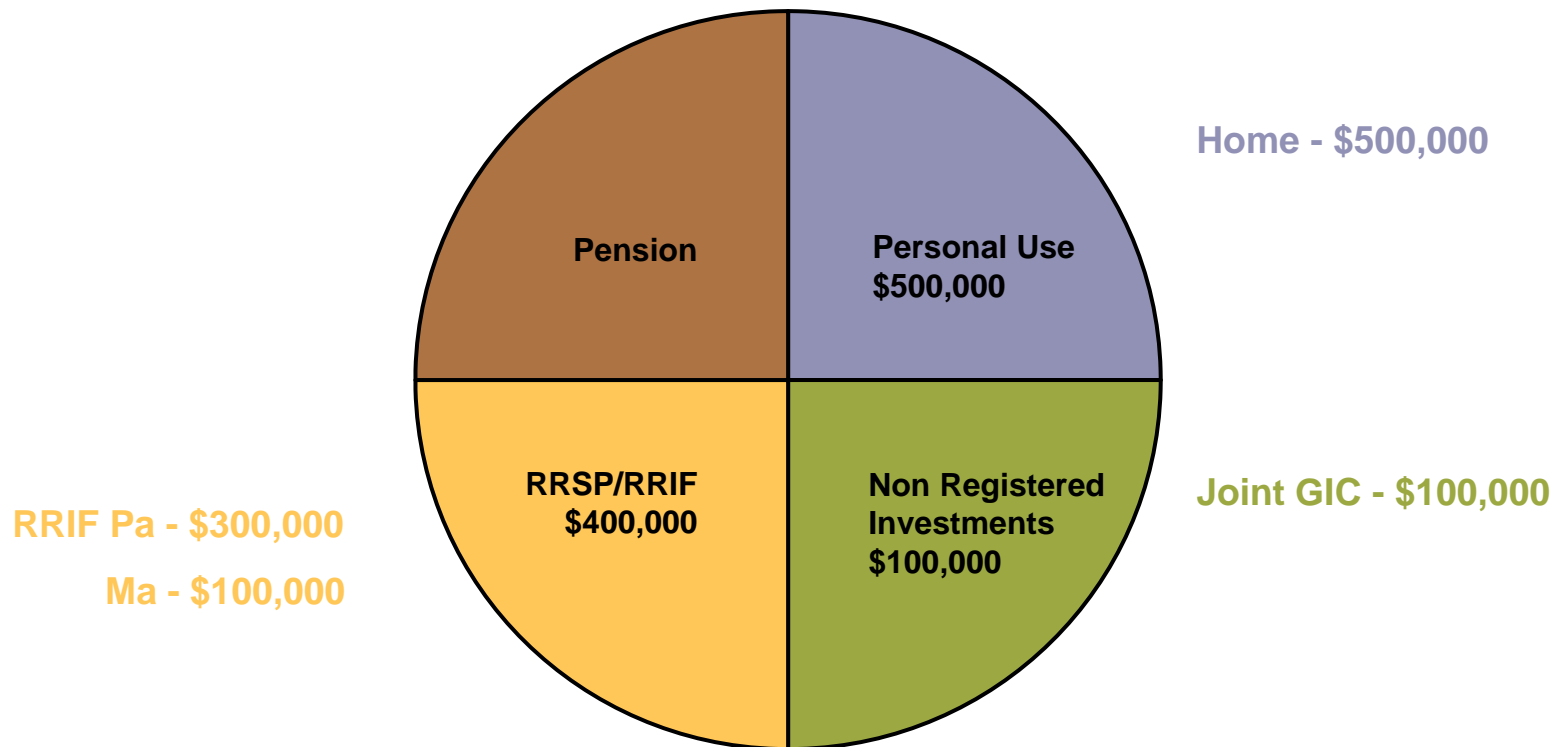
THE  
FAMILY  
OFFICE™

*Preserving wealth. Creating legacies.*

# Legacy Bond

# Ma & Pa Philein (age 70) Financial Profile

## Net Worth - \$1,000,000

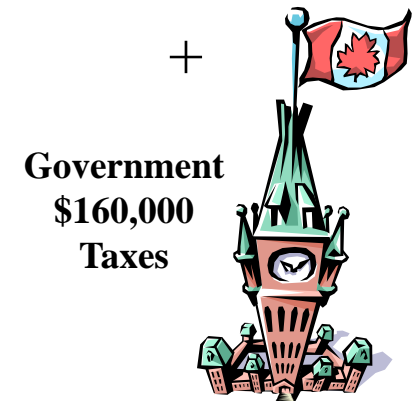


# Ma & Pa Philein

## #1. Pay Estate Taxes

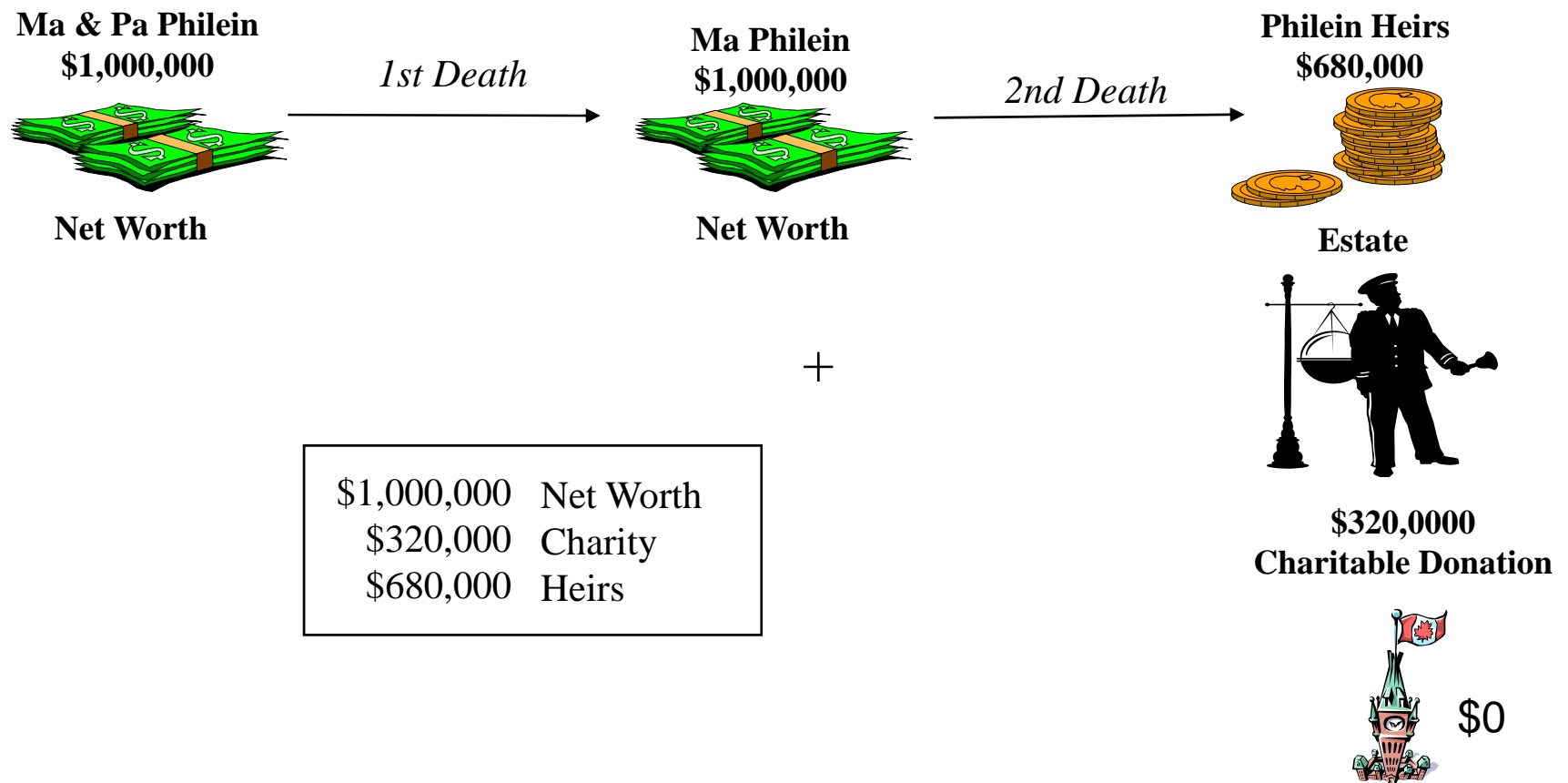


\$1,000,000	Net Worth
\$160,000	Government
\$840,000	Heirs



# Ma & Pa Philein

## #2. Donation to Eliminate Taxes



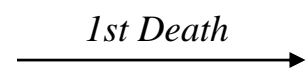
# Ma & Pa Philein #3. Legacy Bond



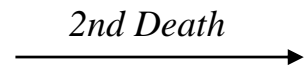
Net Worth

+

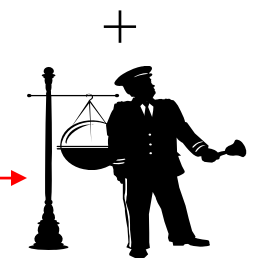
**Joint & Last to die**  
**Insurance Policy**  
**\$320,000**  
**\$6,570/year**



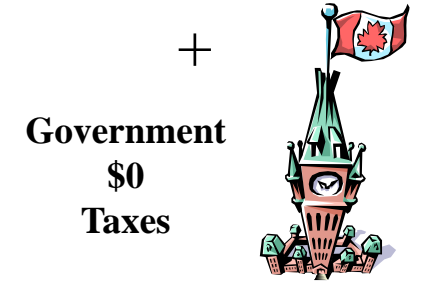
Net Worth



Estate



**320,000**  
**Charitable Donation**



<p>\$1,000,000 Net Worth          \$320,000 Charity          \$0 Government          \$1,000,000 Heirs</p>
--



# Ma & Pa Philein (Age 70) Comparison

	#1 #3	#2	
	Pay Taxes	Donation	w/Insurance
Philein Net Worth	\$1,000,000	\$1,000,000	\$1,000,000
Survivor Spouse	\$1,000,000	\$1,000,000	\$1,000,000
Charity	\$0	\$320,000	\$320,000
Taxes	\$160,000	\$0	\$0
Heirs	\$840,000	\$680,000	\$1,000,000*

\* Less premiums paid  
Preserving wealth. Creating legacies.



# Our Footprint

The legacy we leave is not just the wealth that our heirs inherit. Our legacy is the part of us that lives on in the hearts and minds of others after we are gone. It is the influence we had on our family and loved ones and the impact we had on society.



THE  
FAMILY  
OFFICE™

*Preserving wealth. Creating legacies.*

# Mutual Funds (Publicly Listed Securities)



# Using your Mutual Funds, to fund a Charitable Donation

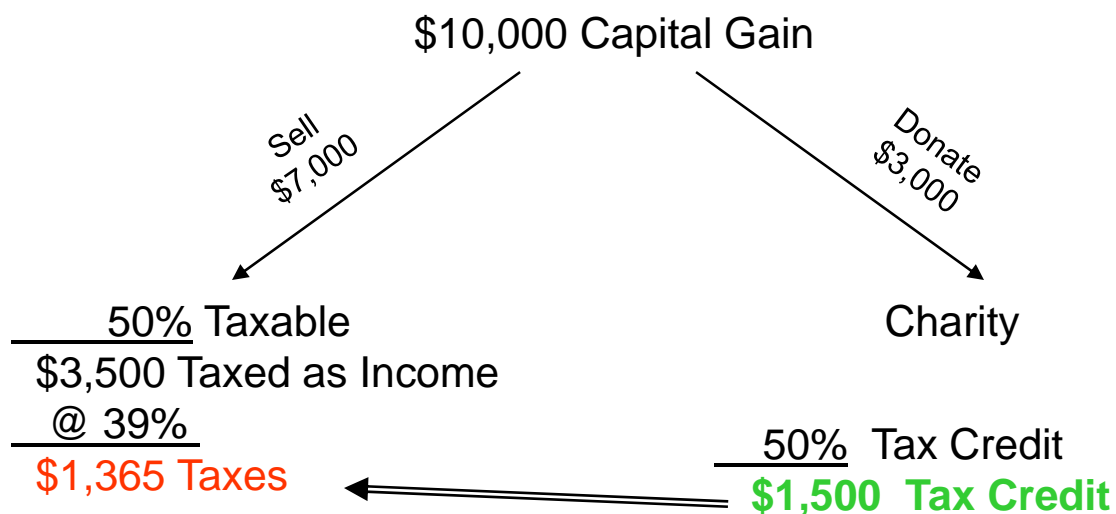
**Sell \$10,000**

\$10,000 Capital Gain  
50% Taxable  
\$5,000 Taxed as *Income*  
@ 39%  
**\$1,950 Taxes**

**\$8,050 Net After Tax**

or

**Sell \$7,000 & Donate \$3,000**



**\$7,135 Net After Tax**

&

**\$3,000  
To Charity**

# An Opportunity in Philanthropy

## Should we sell or donate an asset?



Stock or Mutual Fund  
(Capital Gain of \$10,000)

Sell 100%



\$8,000

Family

Taxes  
20%



\$2,000

Taxes

Donate 30%



\$3,000

Charity

Sell 70%



\$7,000

Family

\* Assumes rounding for concept illustration

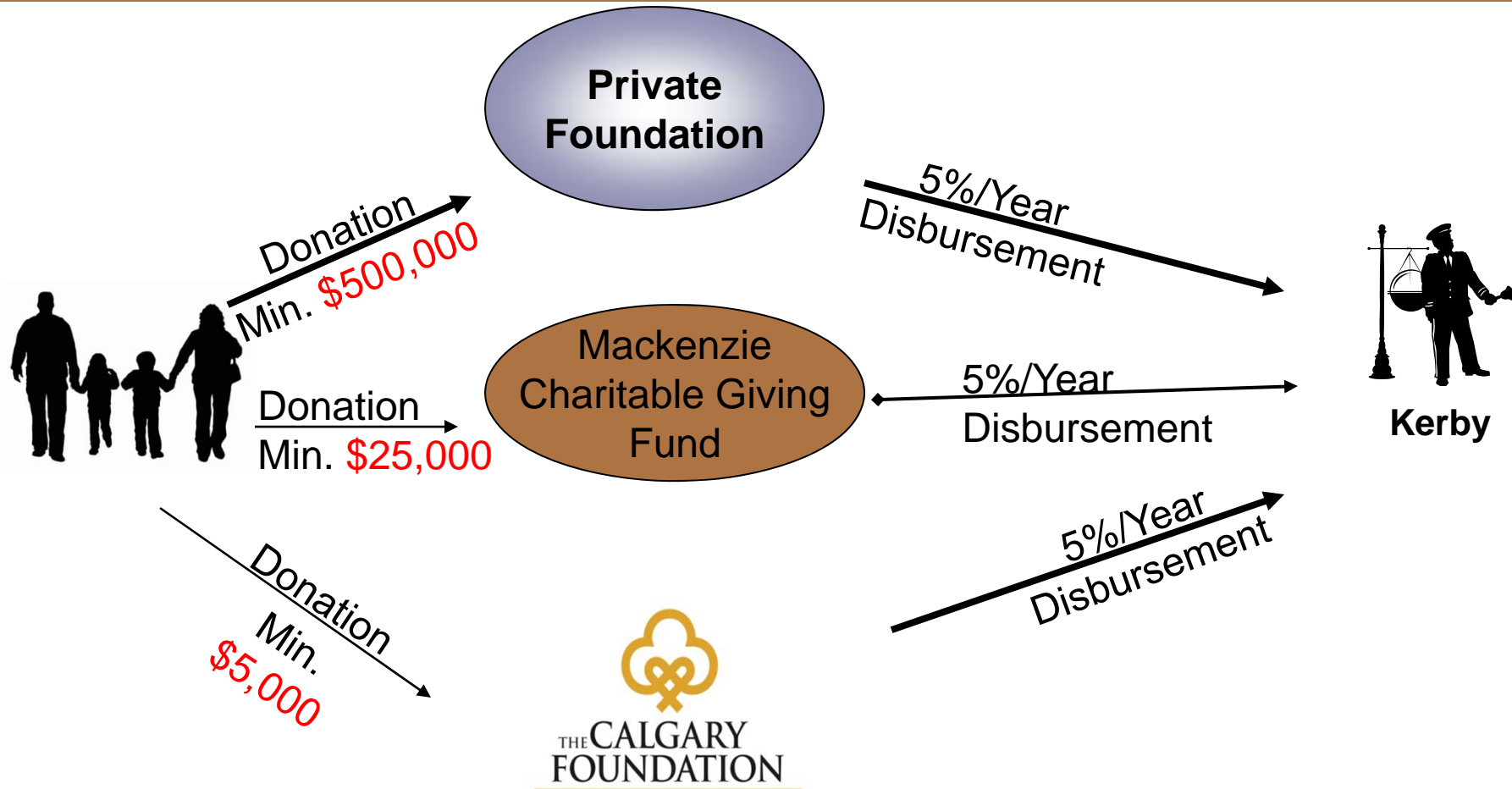


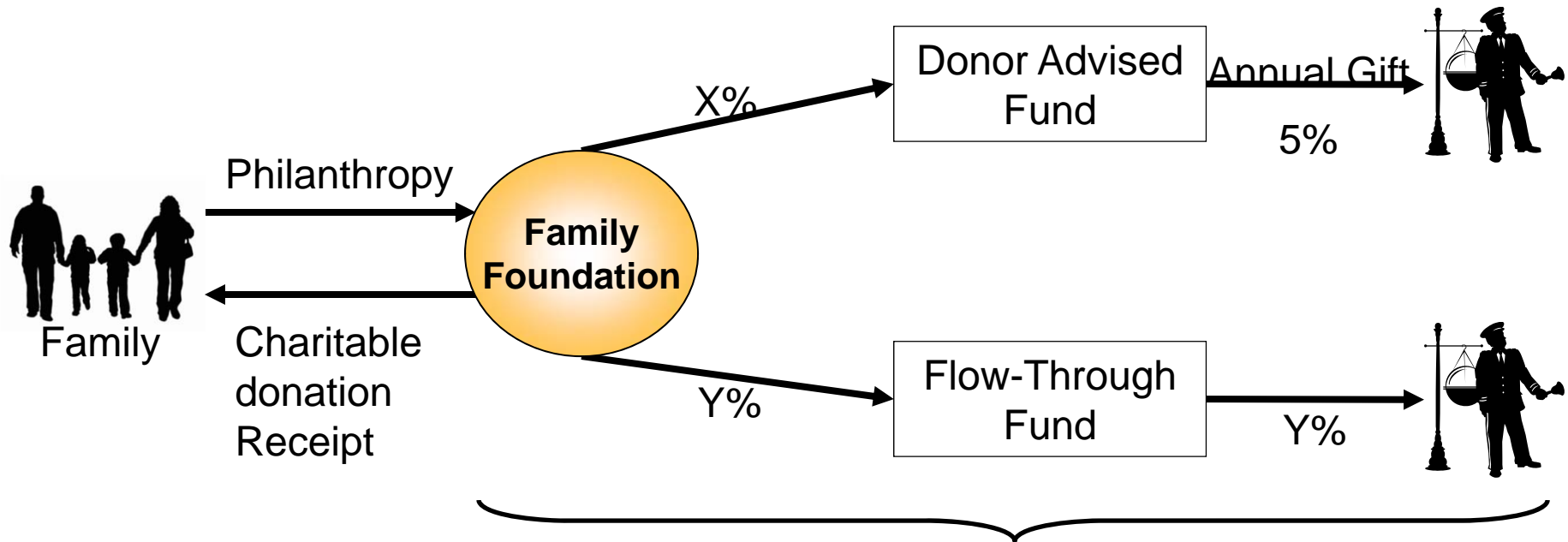
THE  
FAMILY  
OFFICE™

*Preserving wealth. Creating legacies.*

**Family Foundation**

# Family Foundation Options







The goal is not to live forever....

But to create something that will.



Thank You

Questions

?