

your legacy of faith...

Charitable gifts planned well during your lifetime or upon your death, can positively impact sharing your faith and save a significant amount of tax dollars.

Donation Strategies

Beneficiary designation with registered plans

One of the easiest ways for Canadians to donate is to designate your preferred charity as the beneficiary of your Registered Retirement Savings Plan (RRSP), Registered Retirement Income Fund (RRIF) or Tax Free Savings Account (TFSA). This strategy allows the funds to bypass probate and be paid directly to the charity named as the beneficiary of the account. You can designate a beneficiary directly with the financial institution holding the registered account or you can designate a beneficiary in your will. If making a beneficiary designation in your will, it must be drafted carefully to ensure that the registered account remains outside of your estate and is not subject to probate tax.

"GOD IS ABLE TO PROVIDE YOU WITH EVERY BLESSING IN ABUNDANCE, SO THAT BY ALWAYS HAVING ENOUGH OF EVERYTHING, YOU MAY SHARE ABUNDANTLY IN EVERY GOOD WORK."

2 Corinthians 9:8

Designating a charity that you care about as the beneficiary of your registered account will provide tax benefits. Under Canadian tax law, your executor is required to report any taxable income earned in the year of death which includes 100% of the value of an RRSP/RRIF. Designating a charity as the beneficiary of your RRSP/RRIF will allow your estate to claim a charitable tax credit to offset a portion of the tax payable on the value of your RRSP/RRIF.

The federal charitable tax credit rate is 15% on the first \$200 donated and 29% thereafter. You can claim charitable tax credits up to 100% of your net income in the year of death and provincial charitable tax credits are also available in many cases. Designating a charity as the beneficiary of your registered plans has the added advantage of confidentiality since the funds are transferred directly to the charity upon your death.

gifts can offset tax from your registered plans...

Charitable gifts during your lifetime can help offset the taxes of larger minimum RRIF withdrawals that increase between the ages of 71 and 90.



Bequests

A bequest is a gift made in your will. There are many different ways to make a charitable bequest. You can choose to gift a fixed amount of money, a specific item of real or personal property, or a portion of residue of your estate. When making a charitable bequest in your will it is important that you accurately identify the charity by including its proper legal name, address, and charity registration number.

Life Insurance

It is also possible to designate a charity as the beneficiary of your life insurance policy. The charity will receive the life insurance proceeds at the time of your death, and your estate will get a donation tax receipt for the death benefit. With this strategy, you remain the owner of the policy while you're alive and you can change your mind and revoke the beneficiary designation at any time.

Publicly Traded Securities

From a tax perspective, it can be advantageous to donate publicly held securities rather than cash, particularly when the securities have a large, accrued capital gain. Normally, when you sell securities 50% of the capital gain is taxable. However, if you donate the securities to a registered charity you don't have to pay any capital gains tax and you will receive a donation receipt for the fair market value of the securities. Contact us if you intend to arrange a transfer of securities to our investment account, do not sell your shares.

**"IT IS THE
SMALLEST OF ALL
THE SEEDS, BUT
WHEN IT HAS
GROWN IT IS THE
GREATEST OF ALL
SHRUBS AND
BECOMES A TREE,
SO THAT THE
BIRDS OF THE AIR
COME AND MAKE
NESTS IN ITS
BRANCHES."**

Matthew 13:32

*When designating Lutheran Layman's League or The Lutheran Hour as a beneficiary please use the following legal designation: **Lutheran Layman's League of Canada # 119026193 RT0001.***

have questions?...

Please contact LLL at **1-800-555-6236** or via email at **director@lll.ca**

