



Charitable Giving and Taxes Table

The following information is provided as a guideline. For more detailed information please contact Lutheran Foundation Canada. For simplicity, we are using 45% as both the highest marginal tax rate and the tax credit rate; however these rates vary by province. The tax credit system provides advantages to taxpayers in every province as the tax credit rate is typically higher than the average tax rate paid by the taxpayer unless you are in the highest tax bracket. The tax implications of each of these gifts are listed below.

The timing of your gift will determine when the tax savings takes place. For donations made while you are still alive, the maximum amount of donations a taxpayer can claim on his/her taxes in any year is 75% of net annual taxable income. Any excess can be carried forward a period of 5 years from the date of the donation. In your year of death, this amount goes up to 100% of your annual income plus up to 100% of your annual income in the year before your death. It is important to consider all aspects of tax planning when it comes to charitable giving as it may be beneficial to provide some gifts now and some within your estate.

Gift Type	Gift Timing	Is Gift Revocable?	Income to donor during lifetime?	Is gift subject to probate?	When is tax credit issued?	Who gets the tax credit	Advantage to donor	When can the ministry use the gift?
Cash	During lifetime	No	No	No	Now	Living Donor	Reduces annual tax payable	Immediately
Appreciated Securities	During lifetime	No	No	No, unless gifted through a will	Now (plus no taxes paid on capital gains)	Living Donor	No capital gains and usually generates a higher tax credit than tax rate	Immediately
Appreciated Securities in your Will	Year of death	No	Yes if receiving dividends	Yes	On your final tax return	Estate	No capital gains on donated shares, plus can use shares to cover monetary bequests	After your death
Gift of RRSP/RRIF outside estate	Year of death	Yes (if you change your beneficiary)	Yes (property is under the control of the donor until death)	No	On your final tax return	Estate	Taxes are greatest on RRSP/RRIF so donation eliminates	After your death
Donate RRSP/RRIF in Will	Year of death	Yes (by changing your beneficiaries)	Yes (property is under the control of the donor until death)	Yes	On your final tax return	Estate	Offsets tax burden and allows fair distribution of assets	After your death



Gift Type	Gift Timing	Is Gift Revocable?	Income to donor during lifetime?	Subject to probate?	When is tax credit issued?	Who gets the tax credit	Advantage to donor	When can the ministry use the gift?
Outright gift of RRSP portfolio	During lifetime	No	No	No	Now	Living Donor	Can use tax credit now	Immediately
Insurance policy (ministry is owner and beneficiary)	Year of death	No	No	No	Now cash value and the annual premiums you continue to pay if not a paid up policy	Living Donor (no estate tax credit on death)	Smaller annual payments translate into a much larger future gift	After your death
Insurance policy (you are the owner, ministry is beneficiary)	Year of death	Yes (you can change the beneficiary)	Yes (if you have a cash value in the policy)	No	On your final tax return for the amount of the death benefit	Estate	Retain ownership and smaller annual payments translate into a much larger future gift	After your death
Charitable gift annuity	Year of death	No	Yes (mostly or entirely tax free)	No	Now (for minimum 20% of capital)	Living Donor	Stable income with a significant gift on death	After your death
Charitable Remainder trust	Year of death	No	Yes	No	Now (for present value of Remainder Trust)	Living Donor	Tax credit plus income from the trust for life	After your death
Gift of residual interest	Year of death	No	Yes (retain use of the item or property)	No	Now (for gift of residual interest)	Living Donor	Use of property with no change in lifestyle	After your death
Endowment fund	During lifetime or year of death	No	No	If in the Will	Now or at death if through Will	Living Donor or Estate	Creates stable source of income for ministry	After your death