

Planning a charitable gift can be very rewarding for the donor and the charity. The donor knows that he or she has provided valuable financial support to the charity. And the charity knows that additional financial resources are being made available. A charitable gift annuity is one way to benefit both the donor and the charity.

THE CHARITABLE GIFT ANNUITY

Under a charitable gift annuity, you make a gift of capital to TB Vets. However, the gift is subject to a condition – in exchange for the gift, TB Vets promises to pay you an income, which usually involves a payment stream for your lifetime, by purchasing an annuity on your life.

It might be helpful at this point to explain what an “annuity” is. An annuity is a series of payments either for a certain period of time, or for life, in exchange for a lump sum deposit. Payments are comprised of a blend of the capital you used to purchase the annuity, and interest (which is the only taxable portion). Payments can be based on either a single life, or on two lives (also known as a joint life annuity). A common example of an annuity payment is Canada Pension Plan, Old Age Security or retirement pensions.

Some reasons why the Charitable Gift Annuity might make sense for you as a donor are as follows:

- You are interested in receiving a higher income, for life, than the traditional GIC, with no re-investment risk over the long term.
- You are interested in making an immediate gift now, with a large donation receipt to offset income tax.

- You are interested in reducing the Old Age Security “claw-back” (if this applies to you).
- You are interested in taking advantage of the “\$1,000 Pension Income Deduction” (if you are not already using this valuable deduction).

If any of these benefits interest you, you might wish to discuss this with your financial planner, or contact me with any further questions you may have.

Starting Next Issue: “Charitable Gift Annuity Case Studies”

The information provided above is just one of the many ways you can provide a significant gift to your favourite charity. Please talk with a professional advisor to see what options are best for you.