



Create your legacy
Tax-efficient options for your charitable givings

ANGLICAN
FOUNDATION OF CANADA 



Message from
JUDY ROIS
Executive Director

For 60 years, Canadian Anglicans across our country have been generous donors to the Anglican Foundation of Canada, supporting infrastructure projects, encouraging interfaith dialogue, fostering youth engagement, stimulating innovative and creative ministries, caring for new immigrants, assisting seniors, promoting music and the arts, attending to the needs of children, and fostering Indigenous self-determination.

All of these and more have been supported by many of you over the years, making the Anglican Church of Canada a spirited faith community for each new generation.

There are many ways that you can give through the Anglican Foundation to ensure a vibrant Canadian Anglican presence in our country for your children and grandchildren. This guidebook is intended to explain some of the ways that you can do this, from leaving a gift in your will to making a planned gift, designating the Foundation as the beneficiary of a life insurance policy, establishing a charitable gift annuity, donating appreciated shares, and creating a designated trust fund.

We hope that this guidebook provides you an opportunity to leave a lasting legacy for generations to come.

Sincerely,

A handwritten signature in black ink that reads "Judy".

The Rev. Canon Dr. Judy Rois
Executive Director

Message from **FRED HILTZ** Chair of the Board of Directors



For as long as I have been privileged to serve as Chair of the Board of Directors of this amazing Foundation—launched by a small, committed group of Canadian Anglicans who believed in the importance of supporting ministry “where the need is greatest”—I have maintained that it is one of the best good news stories of our church. Every one of our thirty dioceses and every one of our theological colleges has benefited from its work. In parishes and the wider communities they serve all across the country, you will see little plaques acknowledging the support of the Anglican Foundation.

We help to repair and refurbish church facilities. We support community outreach in the interests of the most vulnerable people in our society. We are committed to excellence in theological education and the finest of expressions in sacred arts. We bolster our church’s response to the Calls to Action from Canada’s Truth and Reconciliation Commission that investigated the dark chapters of Canada’s Indian Residential Schools. We happily support ecumenical and interfaith initiatives inspired by the building of a society that is just and peaceful for all. Our furry little friend Hope Bear continues to inspire multiple ministries reflecting the church’s care for children.

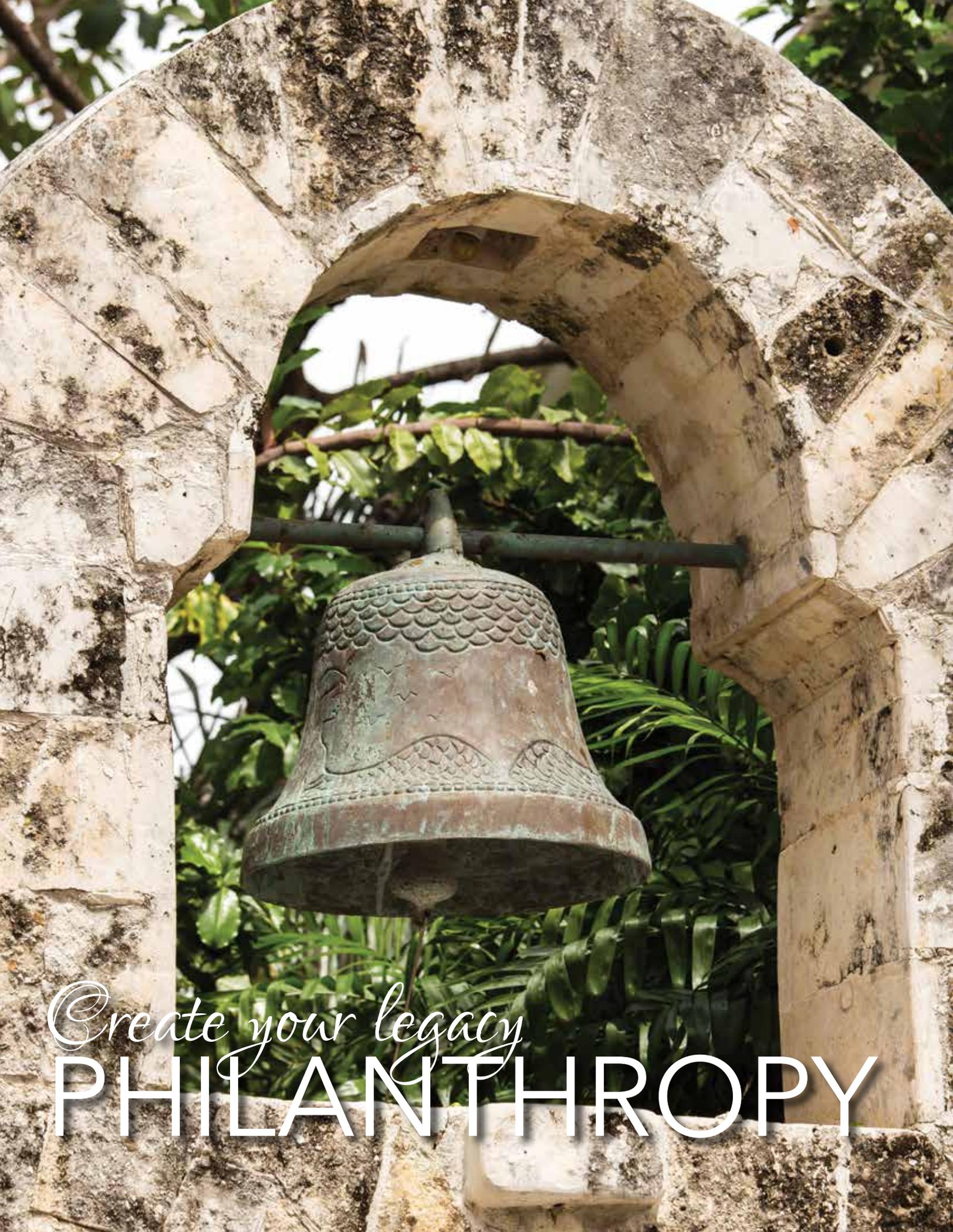
This guidebook provides a wide range of opportunities through which you can continue to support the Anglican Foundation within and beyond your lifetime.

“Imagine More” is our tagline. Your goodwill and generosity will enable us to do just that for many more years to come.

With many thanks,

A handwritten signature in dark ink, appearing to read “+ Fred”. The signature is written in a cursive, flowing style.

Archbishop Fred J. Hiltz
Chair of the Board of Directors



Create your legacy

PHILANTHROPY

Statistics tell us that for many Canadians the value of their accumulated assets—real estate, registered investment accounts, life insurance, etc.—continues to grow. Yet 90% of all charitable gifts in Canada come from people's current income and cash rather than from their accumulated assets. Tax laws in Canada are therefore changing to encourage Canadians to give more generously to charities from their assets, not just their current income.



Up to 100% of net income can be claimed as a charitable gift during the year of death. The trustee for your estate may also apply any unused tax credits to your previous tax year, again claiming up to 100% of your net income. This means that you can make a substantial gift to AFC through your estate, and your heirs can benefit from the tax savings.

In Canada, the federal and provincial governments, through the use of tax credits, encourage charitable giving. In Ontario, a donation of up to \$200 to a registered charity is eligible for a combined tax credit of 20.05%. For gifts over \$200, the tax credit increases to 40.16% of the value of your gift. You can then use your accumulated tax credits to reduce your taxes accordingly. For example, if you gave \$2,000 to the Anglican Foundation in 2016, the first \$200 would be eligible for \$40.10 in tax credits. The remaining \$1,800 would be eligible for \$722.88 in tax credits for a total of \$762.98. You can apply this total against any tax owing. What this means is that for every dollar you give to AFC over \$200, you are actually only paying 60 cents.

You can claim charitable donations up to 75% of your annual net income in any one year. Furthermore, any unused credits may be carried forward for an additional five years.

It's 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. In effect, the federal government is saying that we can either be "involuntary philanthropists" (allowing the government to direct where our wealth will go through taxes) or "voluntary philanthropists" (partnering with the government to redirect much of what would have gone to taxes to the charities we support). The choice is ours. The government encourages such voluntary philanthropy because it knows that charities with their volunteer work forces carry out important civic service more effectively and efficiently than government can.

AFC invites you to become a voluntary philanthropist. We hope this guidebook will inspire you to discover how you can use the tax laws the way they were designed in order to maximize your gift for the Anglican Church of Canada's life and mission, both now and for generations to come.

Become a voluntary philanthropist



Create your legacy

WAYS TO GIVE

There are many ways to make a planned legacy gift to the church through AFC. Each has its own benefits and tax considerations. Some are better suited to older donors, others to younger donors. Because every donor's situation is different, it is important to consult a trusted professional estate planner, financial adviser, or tax specialist before taking action. Remember, planned giving is intended to benefit both the church and the donor. Here are some of the ways to make a legacy gift.



Life Insurance

While we usually think of life insurance as just a necessary means to provide for loved ones if a death should happen, it can also be a way to multiply your legacy. You can give a paid-up policy to AFC or make AFC a beneficiary of an existing policy. You can also acquire a new policy naming AFC as the owner and beneficiary, in which case you will receive a tax receipt for every dollar you pay in premiums.

Publicly Traded Securities

Gifts of stocks, bonds, or mutual funds that have appreciated in value are a tax-smart way to make a legacy gift. When you sell a stock, bond, or mutual fund privately, 50% of all capital gains are subject to tax. But if you donate those same securities directly to a registered charity, such as AFC, all taxes on capital gains are eliminated, plus you receive a donation tax receipt for the full market value of the securities.

The above list highlights some of the simpler ways to leave a legacy. There are also more complicated ways that you may want to explore with a trusted professional advisor. For example, did you know that you could give your home to AFC, receive immediate tax benefits for your gift, and continue to live in your home for the rest of your life? Or you could establish a trust to provide financial support for a dependent child or spouse, and when they no longer need the support, the money remaining in the trust could go to AFC. Some individuals and institutions have chosen to create specially designated trust funds with the Anglican Foundation to support parishes, ministries, and theological students across the country in perpetuity.

With proper planning, many people are surprised to discover that they can give a much larger legacy gift than they ever imagined possible—without jeopardizing their own financial security and while still providing for their children and other heirs.

Charitable Bequests through Your Will

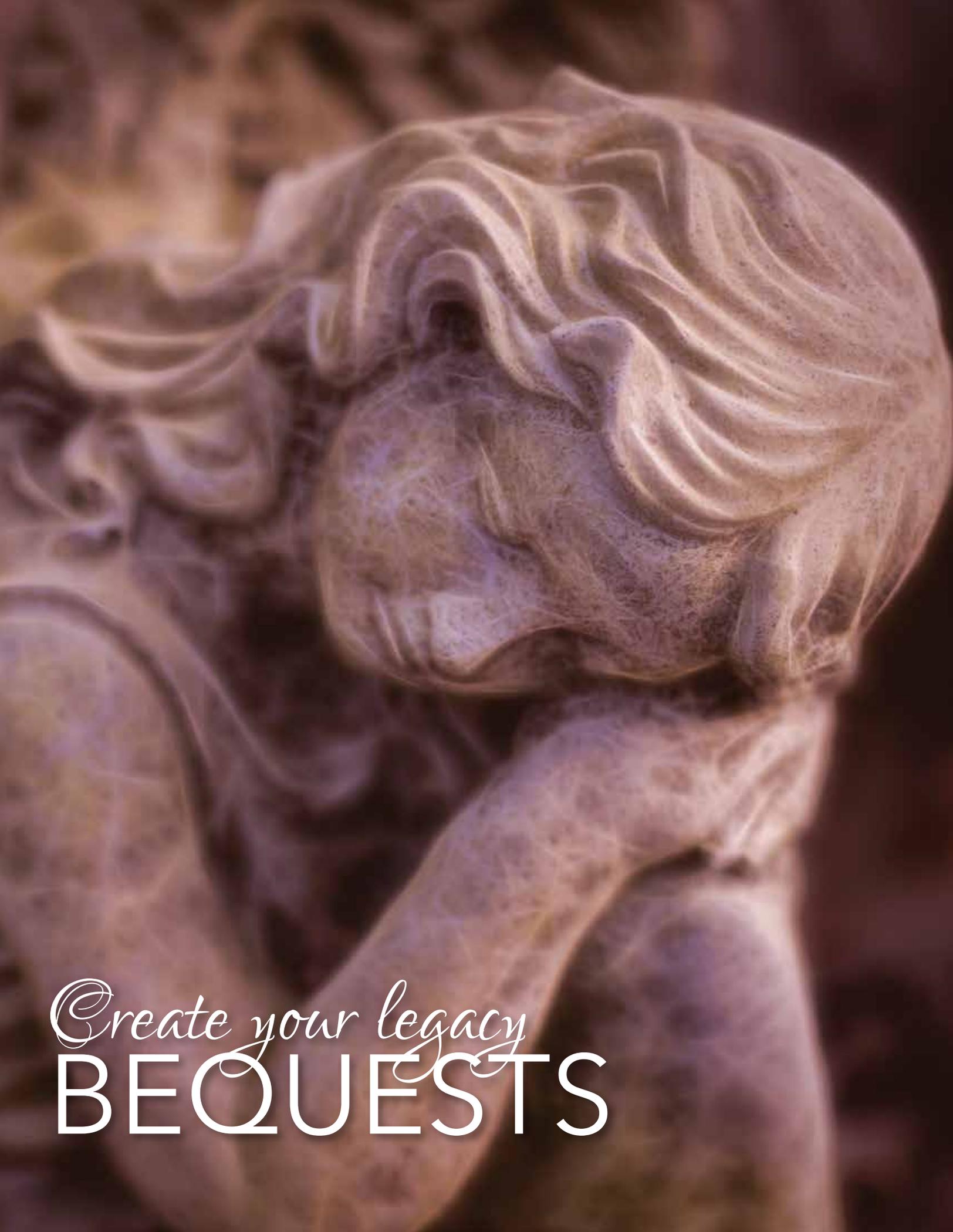
This is the most familiar way that people leave a legacy for the church, and historically AFC has benefited from many people leaving generous bequests. Through your will, you can ensure that the ministries you have supported during your lifetime are adequately funded for generations to come. It is your estate and heirs who will benefit from the tax savings.

RRSPs and RRIFs

When it comes to transferring your wealth to the next generation, RRSPs and RRIFs are among your most heavily taxed assets. It is, however, a simple process to name a charity, such as AFC, as a beneficiary of your registered account, entitling your estate to substantial tax savings.

Charitable Gift Annuities

Designed for donors sixty years old and older, charitable gift annuities are a way that you can give a legacy gift and in return receive a guaranteed income for the rest of your life, the majority or all of that income tax-free. For those who want the assurance that they will have a dependable income stream while they are living as well as the satisfaction of knowing they will be leaving a substantial legacy for the church after they pass away, acquiring one or more charitable gift annuities may be a good option.



Create your legacy
BEQUESTS

The cornerstone of every estate plan is your Last Will and Testament, which directs how you want to distribute your assets after death. A properly prepared will drawn up by a lawyer enables you to exercise your “will power” and ensures that your wishes for your family and other beneficiaries are accomplished. Without a proper will in place, it is the government who decides how your estate will be distributed, not you, and the government has already decided that you will leave nothing for charity. If you want to make a charitable bequest, it is essential for you to have a legal will in place. Through your will, you can ensure that the ministries you have supported during your lifetime are adequately funded for generations to come.



need to do is add a clause or codicil to your existing will, stating your intentions—a simpler and less expensive process. It is important to note, however, that the codicil should be as carefully written as your original will, preferably by a trained person, and like your will needs to be properly executed in front of two witnesses.

Tax Benefits and Other Considerations

- When you make a bequest to AFC or other charity, your estate is eligible to receive a donation tax receipt for the full value of your bequest. The executor for your estate can then claim a tax credit for up to 100% of your net income in your final tax return. Any unused credits can be applied against your previous year's income, again claiming up to 100% of net income.
- If you have no heirs to benefit from the use of donation tax credits, a charitable bequest is unlikely to be the most tax-smart way to give. Giving a portion of your assets to the church while you are living will enable you to maximize your tax benefits, meaning more money for you and/or for AFC.
- If you make a designated bequest for a specific area of ministry, make sure you give AFC the authority to change the designation if the ministry you have stipulated becomes obsolete or no longer needs funding.

There are many ways to make a charitable bequest that will best suit your personal philanthropic goals and financial situation.

Types of Bequests

General bequest: Directs that AFC will receive a designated sum (e.g., \$50,000).

Specific Bequest: Directs that AFC will receive a specific piece of property (e.g., a gift of stock or real estate).

Percentage Bequest: States that AFC will receive a predetermined percentage of your estate (e.g., 10%), keeping your gift in line with the value of your assets as they change.

Residual Bequest: Designates that AFC receives all or a portion of whatever remains in your estate after all named beneficiaries, debts, and administrative fees for settling the estate have been paid.

Contingent Bequest: Allows you to make a primary bequest for a relative (e.g., spouse or child) with the contingency that, if that relative should predecease you, the bequest would pass to AFC instead.

Adding a Codicil to Your Will

If you already have a will in place, you do not necessarily have to change your entire will in order to add AFC as a beneficiary. Often all you

A Bequest in Your Will

Stan and Barbara want to leave a lasting legacy beyond their lifetime. They also want tax relief on their estate. They decide to leave \$50,000 to the Anglican Foundation in their will. This bequest is eligible for a charitable donation receipt, and this tax benefit reduces the tax payable by their estate. This gift in their will provides exactly what they wanted—tax relief and a lasting legacy.



Create your legacy

RRSPs & RRIFs

Do you think making a charitable bequest through your will may be too complicated and take too much time and money? Well, Keith Thomson, a certified financial planner who specializes in estate and charitable tax planning, suggests you may want to consider designating a portion or all of your Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF) to one or more of your favourite charities (e.g., AFC). Thomson calls this strategy The 60 Second Bequest™ which he says can be completed in three easy steps:¹



the highest marginal tax rate, which depending on the province you live in will be between 45–54%. Since 2000, however, it has been possible to make a direct designation of an RRSP or RRIF plan to a charity, reducing your estate taxes accordingly.

Keep in Mind

- Charitable gifts from RRSPs and RRIFs are most appropriate on the death of the second spouse because RRSPs and RRIFs are able to roll over tax-free between spouses.
- You retain the ownership and use of the plan during your lifetime.
- The charity must be named as beneficiary on the plan itself.
- You can contribute a portion or the entire value of the plan to charity.
- It is important to remember that the total value of your RRSP or RRIF will still be counted as income in the year you die, but the portion designated for charity will be eligible for a donation tax receipt to reduce taxes owing.
- Designated proceeds are transferred directly to the charity, thus avoiding probate.
- The charity issues a donation tax receipt to the estate for the full amount of the contribution.
- The estate could then claim the gift up to 100% of net income in the final two tax years.

Step 1: Request an RRSP/RRIF Change in Beneficiary Form from the financial institution that administers your registered plan.

Step 2: Complete the form, naming the charity of your choice (e.g., AFC) as the beneficiary or one of the beneficiaries.

Step 3: Return the completed form to your plan administrator.

Done! It really is that simple.

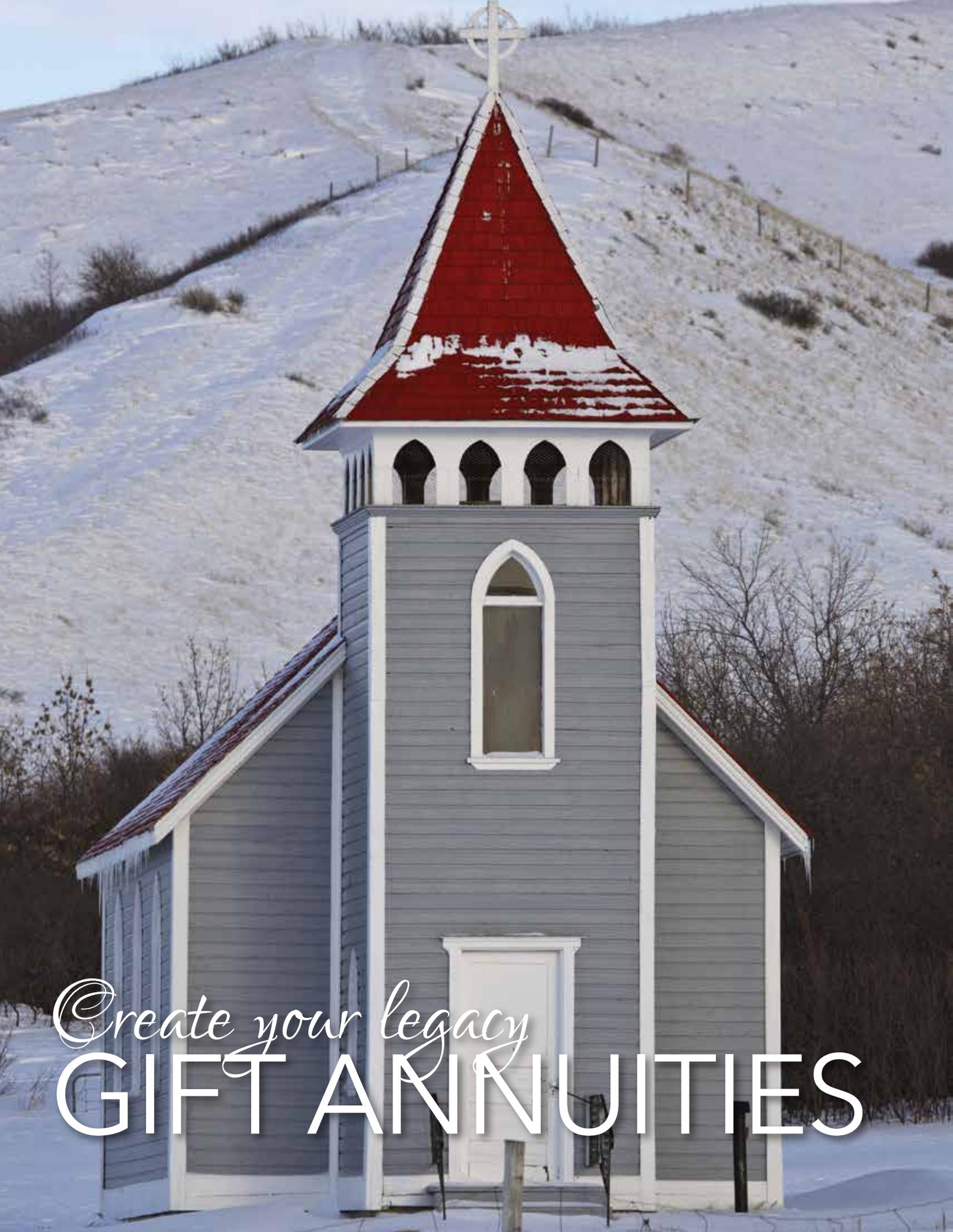
RRSPs and RRIFs are Smart

Besides being simple and easy, charitable gifts made through your RRSP or RRIF can also be a tax efficient way to give to the charities of your choice. When it comes to transferring your wealth to the next generation, retirement funds are among your most heavily taxed assets. Upon your death, where a surviving spouse (or eligible dependent child) is not named as beneficiary, the assets remaining in your RRSP/RRIF are deemed to be sold, and 100% of the balance is added to your annual income on your final tax return. The tax liability resulting from this disposition will be borne by your estate. If you earn additional income in the year of your death, these registered assets may well be taxed at

60 Second Bequest

1. Request an RRSP/RRIF Change in Beneficiary Form.
2. Name AFC as the beneficiary.
3. Return the form to your plan administrator.

1. Thomson, Keith, *What Was Your Great Grandmother's Name? 50 Thoughts on How Canadian Philanthropy Can Transform You, Your Family and Your Community*.



Create your legacy

GIFT ANNUITIES

Would you like to leave a gift to the Anglican Church of Canada but are concerned that you might outlive your wealth? A charitable gift annuity might be the solution. Designed for people 60 years of age and older, gift annuities are a way that you can leave a significant legacy gift to AFC while also receiving guaranteed income for the rest of your life. A gift annuity gives you the deep satisfaction that comes from knowing that you will be supporting vital ministry after you have died, while at the same time giving you the assurance that you will be receiving regular income each year for as long as you live.



- You have the option to acquire either a single life annuity for yourself (providing you with guaranteed income for as long as you live) or a joint annuity (providing annual income for as long either you or your spouse or sibling remain alive).
- The gift is worry-free: guaranteed payments are deposited directly into your bank account.
- You receive an immediate one-time charitable tax receipt.
- Your gift flows to AFC outside your estate, so it is not subject to probate fees and will not be delayed while your estate is being settled.
- The remaining capital allows you to leave a significant legacy gift for the church after your death.

How Gift Annuities Work

The gift annuity program is administered by an insurance company which sets up an annuity account for each donor and guarantees your annual payments from your invested capital. Gifts can be as little as \$5,000 or as much as you would like. Annuity rates are based on your age, gender, and the current bond rate. The older you are the higher the annuity rate and the greater the tax benefits. Annual payments are deposited directly into your bank account. After you die the insurance company disburses the capital remaining in your annuity account to a designated charity like the Anglican Foundation of Canada.

Benefits of Gift Annuities

- You receive regular, guaranteed income for life.
- Depending on your age, the majority or all of the income is tax-free.
- Annuities have a higher rate of return than GICs or government bonds.

A Charitable Gift Annuity

Jan, a recently widowed 75-year old wants to give a gift to the Anglican Foundation where her husband had been a long-time donor. Jan sells her house and moves into a retirement home. She is concerned about income for the rest of her life, so she buys a gift annuity for \$25,000 and gives it to the Anglican Foundation. One quarter of the amount becomes a direct gift to the Foundation, and the remainder is used to buy an annuity from a licensed insurance company. Jan receives an immediate one-time tax receipt for \$6,250 and an annual annuity payment of \$998.88 for life.



Create your legacy

LIFE INSURANCE

Life insurance is a great way to give a planned gift. There are many advantages, yet it is one of the most overlooked methods of charitable giving. The main feature of using life insurance is that your gift may be multiplied severalfold. A small monthly premium can mean tens of thousands of dollars will be paid to AFC from your policy.



living—a true win-win-win situation: a win for AFC who is the beneficiary of your gift of securities, a win for your children who will likely receive a larger inheritance through your life insurance policy, and a win for you who benefit from knowing you have left significant legacy gifts for the children and the church you love.

Immediate or Deferred Tax Benefits

The tax advantages of using life insurance for planned giving are enormous. If you acquire a new policy, naming AFC as the owner and beneficiary of your policy, you receive an annual tax receipt for every dollar you pay in premiums. Alternatively, you can simply name AFC as a beneficiary of a new or existing policy, in which case your estate would receive a tax receipt for the total death benefit paid to AFC.

If you have a current policy, you may obtain a Change of Ownership Form from your insurance company, naming AFC as the owner and beneficiary of your policy. You will then receive a tax receipt for the cash value accumulated in the policy plus receive annual tax receipts for any additional premiums you pay going forward.

Life Insurance as Wealth Replacement

Life insurance can also make an effective wealth replacement strategy. Suppose, for example, you were planning on leaving your non-registered investment account to your children through your will, but would like to make a gift now to AFC. You could give a portion of the appreciated securities in your account to AFC, eliminating the capital gains tax, and then use the money you save in taxes to acquire a life insurance policy naming your children as the beneficiaries. They would then receive the proceeds from the life insurance policy tax-free immediately upon your death, and AFC would receive a generous legacy gift while you are

Keep in Mind

- In order to maximize your gift, make sure you are able to utilize all of the available tax credits. Talk with your financial adviser to determine whether you should set up your policy so that you receive the tax credits while you are living or through your estate after your death.
- Whole life or universal life policies generally make better planned giving vehicles than term life policies, since term life policies do not accumulate any cash value, have regular increases in premiums when you hit certain age thresholds and become null and void after you stop paying the premiums. Talk to your insurance broker and financial adviser as to what type of policy they would recommend for your particular situation and philanthropic goals.

A Life Insurance Policy

A gift of life insurance is an affordable way to make a difference. Lee has an insurance policy that he no longer needs because his children have grown up and live on their own. When he names the Anglican Foundation as the beneficiary, Lee receives a tax receipt for all future premiums and a tax receipt for the full value of the policy at the time it is donated.



Stocks

Create your legacy
SECURITIES

One of the most tax-efficient ways to make a charitable gift is by donating securities (stocks, bonds, or mutual funds) that have appreciated in value. If you sell a stock privately, you are taxed on 50% of the capital gains; but if you give that same stock directly to the church as a gift-in-kind, all capital



gains taxes are eliminated, plus you receive a donation tax receipt for the full market value of the securities. This can result in thousands of dollars in savings for the donor as the chart shows below.

Sell Securities Privately and Donate Cash

Tax on disposition

- Capital gain on security \$50,000
- Taxable portion 50%
- Taxable capital gain \$25,000
- Income tax (at 40%) (\$10,000)

Donation Credit

- Charitable donation amount . . \$50,000
- Tax credits from donation (at 40%) \$20,000
- Net tax savings \$10,000

Net cost to donate \$50,000 \$40,000

Donate Appreciated Securities directly to AFC

Tax on disposition

- Capital gain on security \$50,000
- Taxable portion 0%
- Taxable capital gain \$0
- Income tax (at 40%) \$0

Donation Credit

- Charitable donation amount . . \$50,000
- Tax credits from donation (at 40%) \$20,000

Net cost to donate \$50,000 \$30,000

Savings to donor by donating securities directly \$10,000

A Gift of Appreciated Shares

Bill wants to make an impact with his charitable donations, and he would like to reduce his tax burden. Bill has stocks that have increased in value since they were purchased. By donating them to the Anglican Foundation, Bill will receive a tax receipt for the full appreciated value of the publicly traded stocks, and he is not subject to any capital gains tax, thereby fulfilling his charitable objectives.



Create your legacy
TRUSTS

Since the creation of the Anglican Foundation of Canada, a number of Canadian Anglicans have established trust funds with AFC for specially designated purposes.

Here are some examples:

George & Esther Snell Trust

George Boyd Snell, Bishop of Toronto from 1966–72, established a trust during his lifetime to support an annual lecture series on the subject of the Incarnation, to ensure funding for Indigenous ministries and education, and to support a number of other specially designated ministries in Canada.

Lewis S. Garnsworthy Memorial Trust

Lewis Samuel Garnsworthy, Bishop of Toronto from 1972–89 established a trust with the Foundation in 1993 to assist clergy in the Diocese of Toronto to enrich skills in preaching and pastoral care.

A.E.J. Fulford Trust

Ted Fulford set up a trust during his lifetime to encourage, promote, develop, and enrich sacred music in the Anglican Church of Canada. Since its inception, young musicians, choristers, composers, and choir schools have been the beneficiaries of Ted's vision.

Sacred Arts Trust

Canon Graham Cotter established a trust in 1994 to encourage the use of arts in public worship. Throughout his lifetime, he has seen his money at work throughout Canada in parishes, communities, local arts academies, and individual artists in the creation and promotion of new liturgical art works.

Kenneth Maguire Trust

In 1996, four years before his death, Kenneth Maguire, 8th Bishop of Montreal (1963–75) created a trust to provide annual gifts at Christmas to retired priests and their spouses in the diocese, as well as annual disbursement to the Primate's World Relief and Development Fund and Anglican Houses (now LOFT Community Services). Maguire was a careful investor, and he left his entire estate to the Anglican Foundation of Canada.



Bishop Ordinary Trust

In 2008, the Anglican Military Ordinariate established a trust with the Anglican Foundation to support the office of the Anglican Bishop Ordinary of the Canadian Forces. Military personnel often return home with the debilitating effects of post-traumatic stress disorder. Spouses and children often have to face the death of a family member, or the return of someone whose life has been severely

affected by wartime experience. The Anglican Bishop Ordinary is available to provide counselling, pastoral care, and liturgical ceremonies to the men and women of the Canadian Forces, who protect our country every day.

St. Patrick's Anglican Scholarship Trust

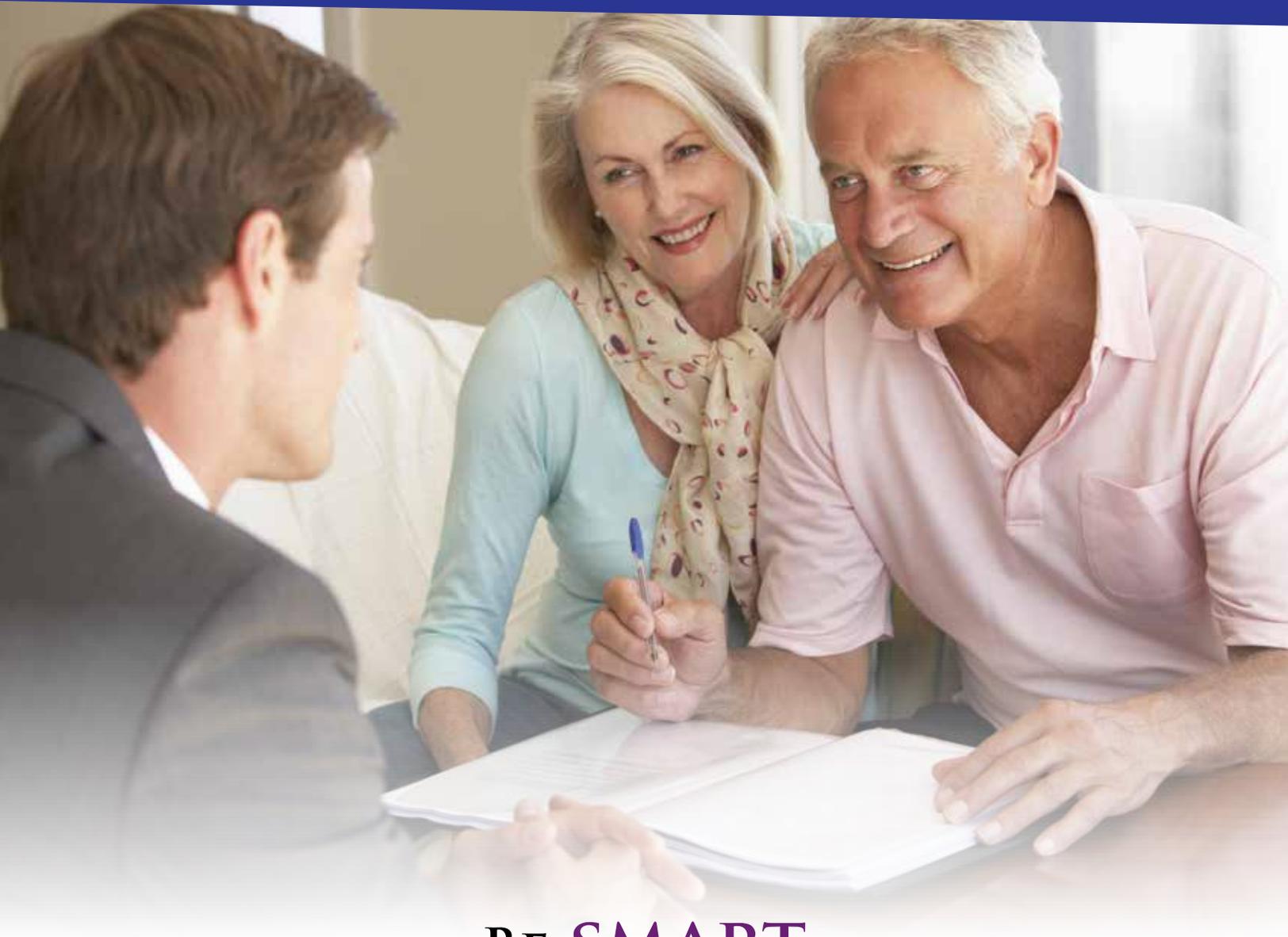
When the parish of St. Patrick's in Willowdale, Ontario, was disestablished in 2013, it created a scholarship trust with the Anglican Foundation of Canada to provide assistance to students preparing for lay or ordained ministry with a specific emphasis in children's ministry or social justice. At the time of disestablishment, the parish wanted to ensure that its assets be managed responsibly and purposefully, hence their choice of the Anglican Foundation of Canada.

ACW Diocese of New Westminster Trust

In 2017, the Anglican Church Women in the Diocese of New Westminster, British Columbia, set up a trust fund with the Anglican Foundation of Canada to provide bursaries for students preparing for lay or ordained ministry. They indicated a preference for female students from the dioceses of New Westminster and the Yukon where possible.

If you are interested in establishing a trust with the Anglican Foundation of Canada, please contact us.

Thousands of Canadian Anglicans are making a difference every day to promote and foster the well-being of all Canadians. Your legacy gift can help to ensure a strong, vibrant church presence for generations to come.



**BE SMART
AND TAX-EFFICIENT ABOUT
YOUR CHARITABLE GIVING**

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