ATB WEALTH

PLANNED PHILANTHROPIC GIVING

2025 Reference Guide

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Canadians donated over $11.4 billion in 2022.[1] However, the generosity of Canadians is not captured in a dollar amount alone. In addition to monetary donations, individuals volunteer their time, make pledges, attend events, buy lottery tickets or merchandise from charities and fundraise for societal causes they believe strongly in. Considerations like charitable donation tax receipts fall lower on the list of reasons why Canadians give.

Individuals that make meaningful contributions to their communities, churches, or charities and want to continue to do so as part of their long term personal and financial goals, should consider planned giving. The process of planned giving simply assesses a donor's overall assets and their structure when planning for long term philanthropic giving. Well-structured planned giving can result in both an increase in the amount of much needed dollars for charitable organizations to carry on their work and more meaningful tax relief for donors. This type of giving requires some forethought from a donor.

There are many strategies available to donors and this guide provides individuals with information on some of the many options available to them.

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[1] *Statistics Canada. No date Table 11-10-0130-01 Summary of charitable donors Last updated January 9, 2025* *https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1110013001 (accessed Jan. 9, 2025)*

CHARITY VS. PHILANTHROPY

Individuals may be tempted to use the terms charity and philanthropy interchangeably, but there are essential differences between the two.

Charity

Charity is driven by a short-term or immediate emotional response to an immediate need. Charity can take the form of monetary donations or volunteering. Charitable giving is usually accomplished through use of a donor's cash flow and does not require advanced planning.

Philanthropy

Philanthropy attempts to address the causes of social issues. It takes a proactive approach to problem solving, in an attempt to create long term solutions. Philanthropic giving requires a more strategic process for donors and is generally supported by planned gifts which may occur during a donor's life or on death.

Both types seek the same outcome but use different methodologies. For instance, if we look at providing aid to a drought stricken community, "Charity" donates water for immediate use and distribution while "Philanthropy" seeks to build a new well to provide an alternate water source. Charity can be a critically important partner to philanthropy, in order to affect change.

CHARITABLE GIVING CONSIDERATIONS

1. Amount

Are you donating a fixed dollar amount, or a percentage of your income? Are you gifting cash, capital property, cultural property or your time? Both individuals and corporations can make donations.

2. Timing

Is the gift being made during your lifetime or as a part of your estate plan? Are you planning a one time donation or a series of gifts?

3. Ongoing commitment

Do you want to make contributions of time or money on a regular and recurring basis? Do you want to have involvement in the long-term strategic decisions of an organization, or direct control over how your contributions are used?

4. Intended outcome

Are you supporting an immediate financial need in your community, or the world; or do you want to address underlying causes of societal problems?

TAX CONSIDERATIONS

Donation receipts and types of gifts eligible for donation

Only Canadian registered charities or other qualified donees may issue official donation receipts that qualify for charitable donation tax credits.

Examples of donations that do usually qualify for charitable donation tax credits include:	Examples of donations that do not usually qualify for charitable donation tax credits include:
• Money • Securities • Ecologically sensitive land • Certified cultural property • Capital property • Personal-use property • Inventory	• Contributions of services, such as time, skills, effort • The payment of a basic fee for admission to an event or program • The purchase price of a lottery ticket or other chance to win a prize • The payment of tuition fees • Pledges

For a more comprehensive list, go to What is a gift? - Canada.ca

Claiming charitable donation tax credits

Personal donations made during a donor's lifetime

(contributions on death are addressed in the Charitable giving as part of an estate plan section)

- The maximum donation an individual can claim on their tax return each year is 75% of net income. Donations that cannot be claimed in the year can be carried forward for up to five years.
- For Alberta residents, donations to qualified donees are eligible for both federal and provincial tax credits. For 2025, the tax credits are as follows:

	% on the first $200, regardless of income level	% on amount over $200, annual income under $253,414	% on amount over $200, annual income over $253,414
Federal	15%	29%	33%
Alberta	60%	21%	21%
Combined credit	75%	50%	54%

Corporate donations

- Generally, a corporation can claim a deduction for charitable donations up to 75% of the corporation's net income for the year. If a corporation is reporting nil net income or a loss for the year, it cannot claim donations to create or increase a loss. Donations that cannot be claimed in the year can be carried forward for up to five years.
- The tax benefit the corporation will receive in 2025 will depend on the tax rate applicable to their business income in the year of donation as follows:

	Active business income in excess of the small business deduction > $500,000	Passive investment income (excluding dividends received from other corporations)	Income eligible for the small business deduction < $500,000
Federal	15%	38.67%	9%
Alberta	8%	8%	2%
Combined credit	23%	46.67%	11%

DONATING CERTAIN APPRECIATED CAPITAL PROPERTY

With proper planning, you can reduce your total income tax liability and maximize the value of your donation.

You may be entitled to an inclusion rate of zero on any capital gain resulting from the donation of any of the following properties to a qualified donee:

- Mutual funds
- A share, debt obligation, or right, listed on a designated stock exchange
- Federal or provincial government bonds
- An interest in a related segregated fund trust

The donation will be equal to the fair market value (FMV) of the capital property.

Example

We assume a personal donor in Alberta earns $125,000/year and is contemplating a one-time donation of $10,000 to their favorite charity. They can either sell some of their non-registered mutual fund units and donate the cash, or they have recently learned that the charity can accept in-kind donations. Let's analyze the impact to the donor of both gifts.

	Sell units and donate cash	Donate units directly
FMV of securities (A)	$10,000	$10,000
ACB of securities	$5,000	$5,000
Capital gain	$5,000	$5,000
Taxable capital gain	$2,500	$0
Tax on gain (B) @ 36%	$900	$0
Charitable donation tax credit (C)	$5,050	$5,050
Total cost of donation = A+B-C	$5,850	$4,950

While a donor may have cash available to fund a gift, an in-kind donation may still reduce capital gains tax that would otherwise be payable in the future.

DONOR ADVISED FUNDS

A donor advised fund (DAF) enables you to create a long-term charitable gifting plan and receive tax savings immediately, ensuring your gift has a greater impact and your philanthropic legacy lives well into the future.

Here's how it works

Give

Your donation is made to a public foundation and a donor advised fund is established and given a name. A charitable tax receipt is issued to you for the initial gift and any subsequent gifts you make.

Minimum contribution

Varies by donor advised fund. Where a minimum contribution requirement exists, a lower threshold often exists for subsequent donations.

Start up costs for donor

Varies by donor advised fund. May include a new account, donation or deposit fee.

Invest

Proceeds are invested in your donor advised fund. The investment strategy may be determined by the foundation or you may have the opportunity to provide recommendations regarding the investment strategy. A portion of the donor advised fund is distributed each year to your chosen charities, with the balance remaining invested.

Ongoing costs

No additional costs for the donor. Donor advised funds incur management and investment fees.

Grant

You provide recommendations to the foundation about the grants that are to be made with your gift.

Reporting

Typically led by financial institutions and/or administrator.

Tax treatment

- Every eligible donation to your donor advised fund will generate a charitable donation receipt, resulting in a donation tax credit for an individual, or a tax deduction for a corporation.
- A donation "in-kind" of eligible securities can be done, with the additional benefit of a zero inclusion rate on any capital gain realized.

Who is this strategy most suitable for?

- Individuals who are interested in making an irrevocable gift as a lump sum to realize tax relief today while having the funds distributed annually over time to charitable organizations.
- Those who desire privacy and do not wish to deal with grant seekers directly.
- Those who do not want to handle the day to day administration and filing requirements associated with private foundations.

ATB INVESTOR SERVICES FOUNDATION

ATB Wealth offers DAFs through a foundation that we created for this purpose called the ATB Investor Services Foundation (ATBIS Foundation).

Giving is personal, your philanthropy plan should be too

The ATBIS Foundation can be an indispensable part of your charitable planning. Here's how such a fund can be of benefit to you:

- Every eligible donation to the ATBIS Foundation will generate a charitable donation receipt, resulting in a charitable donation tax credit for an individual, or a tax deduction for a corporation.
- A donation "in-kind" of eligible securities can be done, with the additional benefit of a zero inclusion rate on any capital gain realized.

We do not have one general fund but offer a separate investment portfolio for each donor, which gives a greater degree of investment flexibility. You provide recommendations to the ATB Investor Services Foundation about the grants that are to be made with your gift. Also, the ATBIS Foundation is not tied into any charity or geography that may conflict with your charitable objectives. Charities must be registered with the Canada Revenue Agency.

In partnership to bring you the best

ATB Wealth was built on the principle that we must always help our clients achieve their dreams.

A key part of that is philanthropy and legacy planning. In an effort to provide you a best in class offering, we are partnering with Karma & Cents Inc.

Karma & Cents Inc. is a philanthropy advising firm that supports families in attaining their philanthropic and legacy vision that provides management and administrative services for the ATB Investor Services Foundation.

Minimum contribution amount

A minimum of $25,000 is required to open a donor advised fund with the ATBIS Foundation. Subsequent deposits of $10,000 or more are permitted.

PRIVATE FOUNDATIONS

Private foundations are typically used by high net worth families that want to be more involved in their community or social interests, by dealing with grant seekers directly, or operating their own charitable programs. They allow donor families to include both current and future generations in their philanthropic endeavors. Family members can act as directors, trustees, or even employees. This allows families to manage charitable objectives and oversee day-to-day operations. This structure allows all family gifts to be made through one entity.

Structure

Private foundations can be set up either as a trust or as a corporation. Regardless of legal structure, private foundations must complete a T2050, Application to Register a Charity Under the Income Tax Act and provide supporting documentation. A private foundation must have exclusively charitable purposes. Its income cannot be used for the personal benefit of any of its members, shareholders, directors, or trustees.

Private charitable trusts

A charitable trust is governed by a trust agreement, which specifies powers and duties of the trustees, as well as the charitable purposes of the trust. Under the terms of a trust, funds are transferred by a settlor and held by trustees who administer the trust property in accordance with the terms of a trust agreement. It is generally recommended to have a minimum of three trustees.

Trusts must file a T3010, Registered Charity Information Return with CRA annually. Private charitable trusts are generally less expensive to establish when compared with charitable corporations.

Private charitable corporations

The corporation may be incorporated federally, or under the provincial legislation that governs corporations. If a foundation was incorporated under provincial legislation and intends to operate in multiple jurisdictions, extra-provincial registrations may also be required.

The corporation can be established without share capital. The corporation must appoint directors who are tasked with managing the foundation’s charitable activities. A minimum of three directors is recommended.

Incorporated foundations must file an annual return with the province(s) it is registered in and hold annual meetings. Corporations must also file a T3010 with CRA annually.

Disbursement quota

A disbursement quota is the minimum amount a registered charity is required to spend each year on its own charitable activities, or on gifts to qualified donees.

For both private and public foundations, this is calculated as follows:

If the average value of a registered charity's property not used directly in charitable activities or administration during the 24 months before the beginning of the fiscal year exceeds $25,000, the charity's disbursement quota is:

- 3.5% of the average value of that property, up to a value of $1,000,000; plus
- 5% of the average value of that property exceeding $1,000,000

Cost to establish and maintain a private foundation

There will be initial legal and accounting costs to set up a private foundation and they may range from $5,000-$25,000, depending on the complexity of the structure and the jurisdictions it intends to operate in.

Ongoing expenses may be incurred in order to complete the required annual Registered Charity Information Return form, plus annual returns with the province, in the case of corporations.

If donor families choose to hire a third party as an administrator of the foundation, fees will be payable to the administrator and may be billed as a percentage of the assets held by the foundation.

Minimum investment amount

There is no minimum required to set up a private foundation. However, given the initial costs and ongoing expenses incurred once a foundation is operating, generally most advisors recommend a minimum of $1 million be donated to start a foundation.

Who is this strategy most suitable for?

Foundations are most suitable for donors who want to gift significant sums, but retain control of how funds are distributed over time and want full control over day to day operations of a charitable organization. Donor families may be interested in involving multiple generations of their family in their philanthropic endeavors. Donors need to understand and accept the lack of anonymity of this structure, due to the filing requirements.

If you wish to consider establishing a private foundation, we recommend that you discuss this in further detail with a professional advisor with expertise in this area.

CHARITABLE GIFT ANNUITIES

A charitable gift annuity is a contract between a donor and a charitable organization. The donor makes a large contribution to the charity, which can be cash or securities. In exchange, the charity retains at least 20% of the initial contribution for its charitable work and purchases a life annuity for the donor with the balance. The annuity pays an income stream to the donor for life. The charity issues a donation tax receipt to the donor equal to the amount retained by the charity.

Who is this strategy most suitable for?

This strategy is most suitable for donors aged 70 and over who are:

- Looking for a guaranteed income alternative to traditional fixed income investments
- Would like to support a charity now
- Are willing to make a large contribution immediately

GIVING USING LIFE INSURANCE

Life insurance can be an effective way to help donors achieve their philanthropic goals. Tax savings may be realized immediately or at the time of death, depending on the strategy utilized. Donated life insurance policies are not typically subject to probate costs or estate debts. A donor may be able to make substantially larger gifts using insurance vs. using funds in a non-sheltered vehicle for giving.

Individually owned term life insurance usually ceases between age 75 to 85, depending on the carrier. Therefore, undertaking charitable giving using life insurance is generally done using permanent life insurance products.

The chart below outlines three strategies policyholders may want to consider when looking at gifting life insurance:

Strategy

Designate a charity as beneficiary of life insurance policy	Donate a policy to a charity	Charitable insured annuity
In this circumstance, the policyholder/donor names a charity as the beneficiary of their policy.	A policyholder/donor can make an absolute assignment of an existing policy to a charity, or a donor can take out a new policy in the name of a charity.	A donor takes out a life insurance policy and either donates the policy to a charity or names a charity as the beneficiary. The donor also purchases a life annuity. The annuity can be a charitable gift annuity but this is not necessary. The donor then uses the income payment from the annuity to fund the life insurance premiums.

Tax treatment and charitable donation tax receipts

Designate a charity as beneficiary of life insurance policy	Donate a policy to a charity	Charitable insured annuity
Upon the death of the policyholder, the policy's death benefit would be paid to the charity. The charity would issue a donation tax receipt to the estate of the donor, for the amount received.	**In force policy** Subject to certain anti-avoidance rules, a donation tax receipt will be issued to the donor for the appraised fair market value (FMV) of the policy. A FMV appraisal considers cash surrender value, policy loans, and the state of health and life expectancy of the donor. Any accumulated dividends and interest that are also assigned to the charity add to the value of the donation. When donating an in force policy and the policy's CSV is greater than its adjusted cost basis (ACB) at the time of donation, a taxable disposition will occur for the donor. Any premiums paid by the donor subsequent to the donation of the policy, are treated as donations and tax receipts will be issued. On the death of the donor, the charity receives the death benefit. No additional donation tax receipts are issued to the donor upon death, as the charity is the owner and beneficiary of the policy. **New policy** Premiums paid on the new policy are treated as donations for tax purposes and tax receipts are issued by the charity. On the death of the donor, the charity receives the death benefit. No additional donation tax receipts are issued to the donor upon death, as the charity is the owner and beneficiary of the policy.	**Tax treatment of insurance** Tax treatment of the donation will depend on the type of life insurance gift the donor chooses. If the policy is immediately absolutely assigned to the charity, donation tax receipts will be issued for each premium paid. If a charity is named beneficiary of a policy, the policy's death benefit is paid to the charity and a donation tax receipt will be issued to the estate on the death of the policyholder. **Tax treatment of annuity** Tax treatment of the annuity will depend on the type of annuity purchased. For instance, for a registered annuity, (i.e. those purchased using registered funds such as RRSPs and RRIFs), 100% of the annuity payment is taxable in the year received. For an unregistered annuity, income is taxable in the year received but only a portion of the annuity payment is taxable. Two methods of taxation can apply: prescribed taxation, wherein the taxable portion remains the same yearly, or accrual taxation wherein the taxable portion is calculated annually based on income earned since the last anniversary. If a donor chooses to utilize a charitable gift annuity, they will receive a donation tax receipt equal to the contribution to the charity, less the amount the charity uses to buy the annuity.

Policy ownership and control

Designate a charity as beneficiary of life insurance policy	Donate a policy to a charity	Charitable insured annuity
The policy continues to be owned and controlled by the policyholder.	The charity becomes the owner and beneficiary of the policy.	This will depend on if the donor chose to donate the policy at the time of issue or designate the charity as beneficiary of the policy.

Who is this strategy most suitable for?

Designate a charity as beneficiary of life insurance policy	Donate a policy to a charity	Charitable insured annuity
Donors who have determined they do not need life insurance death benefits as part of their other estate planning needs and want to make charitable giving a part of their estate plan.	This strategy may be preferred where a donor does not need a policy's death benefit for their other estate planning needs and has excess cash flow such that they do not foresee the need to draw upon a policy's CSV for personal needs. A donor sees benefit in creating what may be a significant bequest to their favourite charity which may be larger than simply saving funds in a non-registered account and making a bequest through their will to their charity.	Typically donors receive the most benefit from this strategy when they are over age 70, still in good health and are insurable. A donor is interested in making a planned gift while setting up secure income for themselves. Annuities provide a secure cash flow and may provide a higher level of income than a traditional fixed income investment such as a Guaranteed investment certificate (GIC).

Pros

Designate a charity as beneficiary of life insurance policy	Donate a policy to a charity	Charitable insured annuity
By using this structure, the life insurance does not form a part of the donor's estate, and is therefore not subject to probate. Using this structure allows a policyholder to maintain control of the policy. This allows them to make possible changes to a policy over time, including changing beneficiaries. The donation tax receipt issued to the estate of the donor by the charity, upon receipt of policy death benefits, may help to reduce the immediate tax liabilities of the donor's estate. See the Charitable giving as part of an estate plan section to learn more.	A donor may benefit from immediate tax relief, as donation tax receipts are issued upon donation of a policy, and for each subsequent premium payment. The policy does not form a part of the donor's estate, and is therefore not subject to probate. The actual size of the gift to a charity may be larger than what a donor may be able to do by saving funds in a non-registered account and donating the balance by bequest through their will.	In combining an annuity and life insurance policy, a donor receives the advantage of guaranteed income for life and leaves a legacy to their charity of choice.

Cons

Designate a charity as beneficiary of life insurance policy	Donate a policy to a charity	Charitable insured annuity
No immediate tax relief is provided, as no donation tax receipts are issued until the death of the policyholder.	The donor has no further control over the policy and therefore this is an irrevocable gift at the time of donation. If a charity dissolves after a policy has been absolutely assigned to it, unintended issues or consequences may arise for the donor.	As the donor is using their capital to purchase an annuity, that capital is no longer available for their family when they pass away. If donors purchase a life insurance policy and irrevocably assign it to a charity, they have no further control over the policy and the gift is irrevocable. If a charity dissolves after a policy has been absolutely assigned to it, unintended issues or consequences may arise for the donor.

CHARITABLE REMAINDER TRUSTS

A charitable remainder trust (CRT) is set up to provide a lifetime beneficiary with income from the trust and provide a charity with the residual capital of the trust upon the death of the lifetime beneficiary. A CRT can be funded with cash, securities, or other eligible property. A CRT can be set up while a donor is alive (inter-vivos) or upon death (testamentary).

Inter-vivos CRT

To set up the CRT, a formal trust is created and the donor irrevocably gifts property to the trust. A donation tax receipt is issued to the donor for the present value of the charity's residual capital interest in the trust. An actuarial valuation is required to determine the present value of the gift. The lifetime beneficiaries have the right to the income of the trust during their lifetime. However, there cannot be any power to encroach on the capital of the trust. Income paid out from the trust to the beneficiaries is taxable to the beneficiaries in the year received.

With the exception of alter-ego and joint partner trusts; transferring assets to a trust generally results in a deemed disposition of the assets transferred for income tax purposes and any capital losses will be denied for the donor. Therefore, the trust is best funded with excess cash or other property that does not have significant unrealized capital gains.

As funds have been irrevocably gifted, these assets no longer form a part of the donor's estate. This can provide privacy for the donor and assets will not be subject to probate on the donor's death. Donation tax receipts will not be issued if any additional property is transferred to the trust after the initial transfer, so subsequent gifts to an existing CRT are generally not recommended.

Testamentary CRT

A testamentary CRT would be funded through a bequest in a donor's (testator's) will. The bequest can be for a specific amount, include specific eligible property, or be a portion of the residue of a donor's estate. The terms of the CRT including the lifetime income beneficiaries and charity listed as the residual capital beneficiary would need to be specified in the will.

While a testamentary CRT can be established, such a structure may not be tax-efficient. CRA's administrative position is that a charitable donation tax credit may be available to the testamentary CRT, however, the option to utilize the charitable donation tax credit on the testator's terminal return (or prior year return) would not be available.

Who is this strategy most suitable for?

This strategy is likely better suited to donors who are age 65 or older wishing to make a significant donation. The amount of the charitable donation tax receipt is based upon the present value of a future gift of capital to a charity, upon the death of the income beneficiaries. If the trust is set up when income beneficiaries are young, the value of the donation will be significantly discounted. Additionally, the gift to the trust is irrevocable. A donor needs sufficient financial security to know they will not need the capital being gifted to the trust and the income distributed will be sufficient for their needs.

CHARITABLE GIVING AS PART OF AN ESTATE PLAN

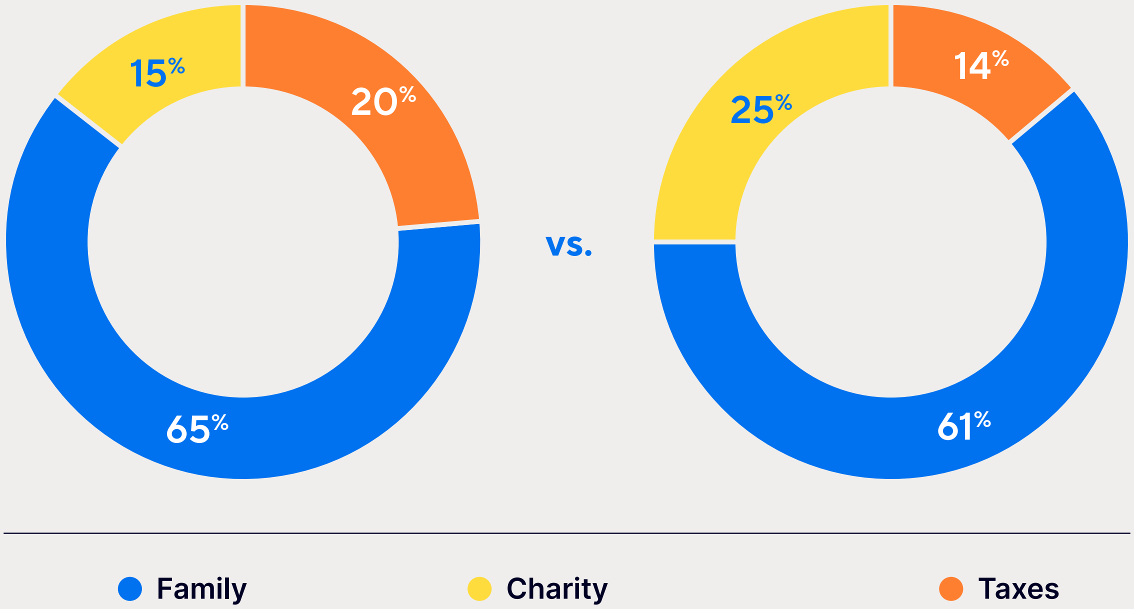
If a donor wants to incorporate their philanthropic goals into their estate plan, there are several considerations to be addressed and actions undertaken. It is recommended donors discuss their wishes for their legacy with their family to avoid potential conflicts, when the estate is being administered. Donors should work with legal and tax professionals to clarify their vision for the overall distribution of their estate; understand the impact of taxation on estate assets and how to structure testamentary donations in a manner which best supports efficient administration of the estate by their personal representative(s). Importantly, donors need to understand this method of giving does not avoid probate.

Distribution of the donor's estate

Donors need to consider the proportion of the overall estate they want to allocate to family and friends, vs. causes such as community/church/charity, and how much will ultimately be lost due to taxation arising at the time of death, from the de-registration of registered plans and/or the deemed disposition of capital assets immediately prior to death.

Given the favorable tax treatment of testamentary donations, increasing the proportion of an estate that goes to charity may simultaneously decrease the amount lost due to taxation.

Example



Tax treatment of donations on death

Testamentary donations and designated donations will be deemed to have been made at the time the property is actually transferred to a charity. This means the FMV, for in-kind gifts, is established at that time of transfer. Additionally, testamentary donations are deemed to have been made by the estate. However, if a donation is made by a Graduated Rate Estate (GRE), within the first three years after death, flexibility may exist to allocate the donation between the deceased and the GRE as follows:

If a gift is allocated to the deceased

The deceased's representative may use the charitable donation tax credit in the year of death or in the immediately preceding year. The 75% limit (noted for donations made during an individual's lifetime) does not apply in the year of death (or for excess donations in the year of death carried back to the preceding year). Rather, the representative for the deceased taxpayer can claim donations up to 100% of the taxpayer's net income in these years. Where an individual anticipates a significant tax liability upon their death, a charitable donation tax credit may help offset this liability.

If a gift is allocated to the GRE

The GREs representative can claim the donation in the year of donation, carry it back to any of the GRE's prior taxation years, or carry it forward for up to five years.

Similarly, a donation made by a qualifying former GRE, three to five years after death, may also have this same flexibility. If the intention is for the charitable donation tax credit to partially or fully offset the tax bill that arises on death, it is important to be aware of the relevant timeframe.

Considerations for testamentary donations

Prior to specifying charitable donations in a will, a donor and their team of legal, tax and financial advisors need to evaluate considerations such as: overall philanthropic intentions, intended recipient(s)/cause, manner of the gift, and size of the gift.

Intended recipient(s)/cause

What organizations does a donor want to gift to on death? In the event organizations merge or cease to exist, what are the alternatives? A donor can also specify a gift to a donor advised fund or private foundation they have already created. Most donor advised funds provide forms for a donor's legacy wishes; which guide the foundation as to how grants will be made, once a donor passes away.

Manner of the gift

Is the donor's intention to gift cash or specific eligible property? Care must be taken when listing specific property as a bequest. If the property has been disposed of prior to death, the will should be reviewed; otherwise the donor risks the gift lapsing out of their will.

Keep in mind that, under the current income tax rules, all assets are deemed disposed of immediately prior to death. When bequeathing specific property, if the property has changed in value in the time period between death and donation, the FMV listed on the donation tax receipt may not be equal to the FMV of the assets on death.

Amount of the gift

Is the donor specifying a specific dollar amount, or a proportion of the residue of their estate? Unless otherwise stated, bequests of a specific dollar amount are not indexed to inflation, and are paid out ahead of the calculation of the residue of an estate. Donors are recommended to get legal advice on the pros and cons associated with gifting a portion of the residue of their estate to qualified donees.

DONATE RRSPS OR RRIFS TO CHARITY

When the annuitant of an RRSP/LIRA/RRIF/LIF passes away, the full value of the account will generally be included in the deceased's income in the year of death. Balances can only be transferred on a tax-deferred basis to a qualified beneficiary such as a spouse or common-law partner or financially dependent children or grandchildren. Therefore, tax treatment of these accounts can be a significant contributor to the amount of tax loss incurred on the value of an estate.

If a donor names a registered charity or other qualified donee under the Income Tax Act, as the beneficiary of their RRSP/RRIF, a charitable donation tax credit will be available. Having a direct beneficiary designation means that account generally no longer forms a part of the estate of the deceased and is therefore not subject to probate. To facilitate this manner of gift, donors are recommended to work with their financial advisors, to ensure beneficiary designations on their accounts are updated to reflect the names of the registered charity(ies) they are designating as beneficiaries. Donors will want to review potential wording in their wills that supports this designation with their estate lawyer, as conflicting directions can delay the administration of the estate and increase costs.

In order to qualify for the donation to be allocated to the deceased's final tax return to offset the taxes payable, the transfer of the RRSP/RRIF should occur no later than a maximum of 60 months after death (see Tax treatment of donations on death).

HOW TO GET MORE INFORMATION

If you are interested in learning more about planned giving, one option may be to reach out to the organization you are interested in supporting. Many will have a planned giving officer trained to assist donors in making the right decision.

The CRA Charities and giving website has detailed information for both potential donors, individuals and organizations that may be interested in registering for charitable, or other qualified donee status.

For individuals interested in more complex planned giving, such as foundations and charitable remainder trusts, you are recommended to speak to your tax and legal experts.

HOW ATB CAN HELP

ATB has a wealth of experienced advisors that can assist you with your planned giving. Our advisors are here to listen to your philanthropic goals and help you develop a well-structured plan to meet these goals, in the context of your overall wealth plan.

ATB Wealth advisors can assist clients that are interested in setting up a donor advised fund through the ATB Investor Services Foundation or help facilitate the in-kind donation of mutual funds, publicly traded shares and debt obligations or federal or provincial government bonds.