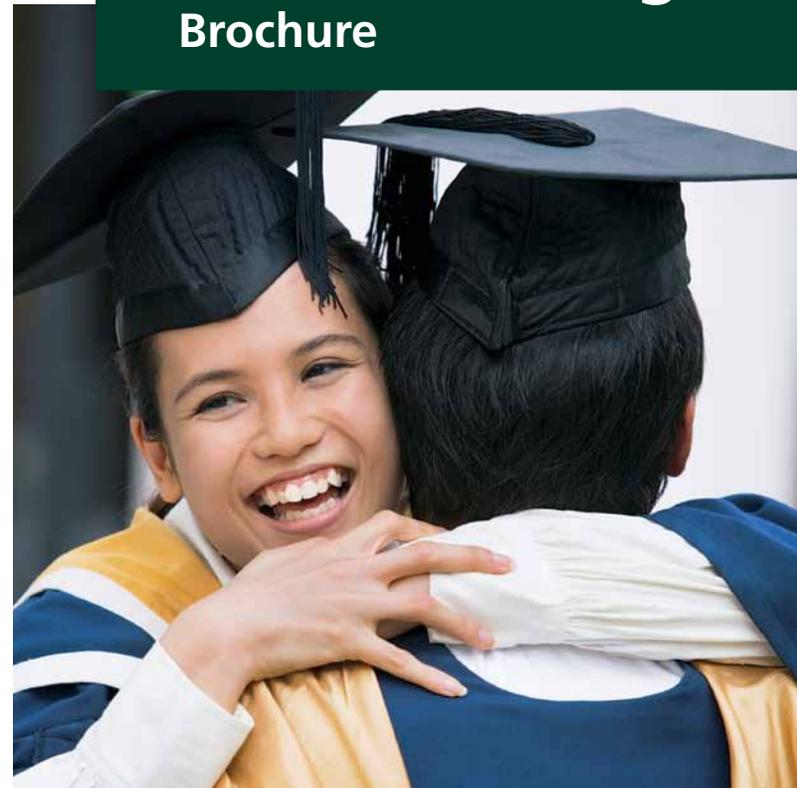




# Private Giving Foundation Brochure



A simple, effective way to support the causes  
that matter to you





Charitable giving is about creating opportunities – for individuals and for causes you believe in.

The Private Giving Foundation is also about creating opportunities. As an independent public charity dedicated to encouraging charitable giving in Canada, we have created a structure that provides you with the opportunity to build a legacy of helping others.

Simply provide a contribution of \$10,000 or more and a Private Giving Foundation donor-advised account will be created in your name. Then recommend the charities that are to receive grants from your account. We take care of everything else.

The Private Giving Foundation – an innovative, simple and effective way to support the causes that matter to you.

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# Introduction

Canadians are generous people. In 2008, \$8.2 billion in charitable donations were made by Canadians according to Statistics Canada. For many of us, giving is an important part of life – a responsibility we willingly accept in order to help others and build a better society.

We give in many ways – by attending charity events, by sponsoring someone in a run or read-a-thon, by volunteering our time, through places of worship and office campaigns, in response to a mail request or directly to a door-to-door canvasser.

While all these methods help support good causes, many people want to take a more strategic and organized approach to making a difference. They want a time- and tax-effective way to achieve their personal charitable goals.

That's why TD Waterhouse® created the Private Giving Foundation – the first program of its kind introduced by a Canadian financial institution – that enables you to establish an endowment that operates in much the same way as a private foundation, but without many of the associated expenses or administrative duties and with a much lower minimum contribution.

If you're looking for a way to plan your giving more effectively, create a lasting legacy to support worthy charitable causes and realize significant tax advantages, we believe that the Private Giving Foundation is an excellent solution.

# A Simple, Effective Way to Give

1

Simply open a donor-advised account with an irrevocable contribution of \$10,000 or more to the Private Giving Foundation. Typically, your gift will be held by the Private Giving Foundation in your donor-advised account as an endowment. You can contribute cash or securities and you will receive a charitable tax receipt. Additional contributions of \$1,000 or more can be made at any time.

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2

Choose the registered Canadian public charity or charities that you wish the Foundation to support annually. You can change your recommended charity or charities and the amounts to be granted at any time.

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3

Each year, the Private Giving Foundation will make grants from your donor-advised account. The grants will be made to charities chosen on the basis of your recommendations.

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4

You will receive quarterly statements detailing your contributions, grants and the market value of your account. A charitable tax receipt will be issued each February for the sum of all contributions made in the previous year.

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Giving through the Private Giving Foundation is a cost-efficient and convenient alternative to establishing a private foundation. A private foundation requires a significant initial contribution, legal fees to set up, regular board meetings, annual accounting fees and considerable administration. Opening a donor-advised account provides you with virtually the same benefits, but it is very simple and convenient to operate with a low initial contribution, no set-up fees and no ongoing administration on your part. In addition, if you donate qualified securities (publicly traded stocks, bonds, mutual funds and segregated funds) to the Private Giving Foundation, you will eliminate all capital gains on the disposition of these securities and will receive a charitable tax receipt for the market value of the donated securities.

# The Benefits of Giving Through the Private Giving Foundation

**Simplify your giving** – You can reduce time spent on administrative tasks associated with charitable giving and make all your donations through a single source. We will track all your contributions and grant recommendations and provide you with detailed, quarterly statements and an annual official donation receipt.

**Establish a legacy of giving** – Your Private Giving Foundation donor-advised account can continue to generate grants forever, establishing a lasting legacy of charitable giving in accordance with your wishes. Alternatively, you may name a successor to take over your advisory role in the event of your death or incapacity. Gifts from your donor-advised account can continue for future generations.

**Eliminate year-end pressure to select charities to support** – You can donate to the Private Giving Foundation now and decide at a later date which charities you would like the Foundation to support. There's no need to rush to meet the December 31 deadline. Your charitable donation will be invested while you decide which charitable organizations to recommend as grant recipients. Donate now and decide later.

**Recognize your loved ones** – You can name your donor-advised account in any way you wish – in honor of your family, a departed loved one or a special cause. Grants can be made in the name of your donor-advised account or anonymously.

**Give more as your contributions grow** – The contributions you make are invested and can grow tax-free, allowing the Private Giving Foundation to give more to the charities you wish to support.

**Receive excellent value** – The Private Giving Foundation's low, all-inclusive administration fee is allocated to your donor-advised account based on the balance and is detailed in the Private Giving Foundation Program Guide which is available online at [www.tdwaterhouse.ca/privategiving](http://www.tdwaterhouse.ca/privategiving). In addition, all contributions are invested in the TD Balanced Income Fund or the TD Monthly Income Fund at a reduced annual Management Expense Ratio (MER) of 1%. These low costs mean that more assets stay in the Private Giving Foundation, available for gifting to charities.

**Realize immediate tax benefits** – Because they are irrevocable charitable gifts, your contributions to the Private Giving Foundation may result in tax credits in the year when they are made, or they may be carried forward for credit in future years.

**Eliminate capital gains tax** – You can donate qualified securities directly to the Private Giving Foundation and realize their full value as a charitable donation, and eliminate all capital gains on the disposition of these securities. If you were to sell such appreciated securities yourself and donate the proceeds of the sale to charity, you would also realize their full value as a charitable donation, but you would be taxed on 50% of any gain. See the enclosed fact sheet for more information on this valuable benefit.

**Defer giving to meet your needs** – Your donor-advised account can also be used as part of your estate plan. For example, you may designate the Private Giving Foundation as the beneficiary of a bequest of cash, securities, your RSP or RIF, TFSA, a life insurance policy or a charitable remainder trust, which may result in considerable tax relief.

# How to Begin

## Opening your account

Simply complete the Donor-Advised Account Application Form provided to you or download one at [www.tdwaterhouse.ca/privategiving](http://www.tdwaterhouse.ca/privategiving)

### It will give you the opportunity to –

- open a donor-advised account on your own or jointly
- choose a name for your Private Giving Foundation account (e.g., The G. Raymond Fund, The Raymond Family Foundation, The Downtown Arts Fund or The Learning Project)
- set up recurring or one-time grant recommendations
- name your donor-advised account's successor, who will become responsible for making grant recommendations in the event of your death or incapacity

## Making contributions

Once your donor-advised account is opened, you simply make your initial contribution of \$10,000 or more. You can contribute cash and/or qualified securities such as publicly traded stocks, bonds, and mutual funds and segregated funds. After that, additional contributions of \$1,000 or more can be made at any time and, as with your initial contribution, a charitable tax receipt will be provided annually. You can fund your donor-advised account by –

- cheque or wire transfer,
- transferring cash and/or securities from an account at TD Waterhouse or another financial institution, or
- depositing physical securities certificates.

Each contribution to the Private Giving Foundation will typically be held by the Foundation as an endowment for a period of not less than 10 years. During the endowment period, the Foundation will, in accordance with its disbursement policy, advise you what amount in your donor-advised account will be used to make charitable grants. Once the endowment period ends, you can recommend that the balance of your donor-advised account relating to that gift be paid out to charities proposed by you, or it can continue to be invested to be used to make grants and maintain your legacy.

## Recommending grants

You can recommend which charities are to receive grants on your Account Application. You can choose to have the grants made anonymously or in the name you have selected for your account.

Any public charity registered with Canada Revenue Agency (CRA) is eligible to receive a Private Giving Foundation grant. To ensure that the charities you wish to support qualify and grants to those charities can be approved by the Private Giving Foundation board, please review the guidelines in the Program Guide before making your grant recommendations.

You may set up your donor-advised account recommendations as "recurring" which means that the same charities will receive the same percentages of grant recommendations each year unless notification to change the grant recommendations is received by the Private Giving Foundation. Alternatively, if your recommendations are set up as "one time," new grant recommendations must be provided annually.



Contributions to the Private Giving Foundation are invested in a special class of the TD Balanced Income Fund and/or the TD Monthly Income Fund.

TD Asset Management Inc. (TDAM) is one of the largest mutual fund managers in Canada and is known for its disciplined and methodical approach to investing, disciplined portfolio construction and risk management approach. TD Mutual Funds is consistently ranked as one of the best fund families in Canada by Morningstar®.

The TD Balanced Income Fund is managed by TDAM. The fund's investment objective is to seek to provide income and moderate capital growth by investing primarily in fixed income and equity securities of issuers in Canada.

The TD Monthly Income Fund is managed by TDAM. The fund's investment objective is to seek to provide a consistent level of monthly income with capital appreciation as a secondary objective, by investing primarily in income producing securities.

For additional information on these funds, please visit [www.tdwaterhouse.ca/privategiving](http://www.tdwaterhouse.ca/privategiving). Units of the "D" series of the TD Balanced Income Fund and the TD Monthly Income Fund are only available for purchase by the Private Giving Foundation.

# Build Your Own Giving Plan

Like many people, you may be overwhelmed by the number of charitable appeals you receive and the heart-wrenching problems depicted in the media.

In reality, you can't, and aren't expected to, help every cause you come across. Some of the most effective donors, with the greatest impact, develop a philanthropic plan and devote their money and their energy to a few specific causes that are important to them. The selected charities benefit from having a steady and engaged donor, and the donor benefits from a greater sense of involvement and satisfaction.

It's not unlike developing an investment plan. You need to understand your goals and objectives

and then research your options to determine what is right for you.

If you haven't already decided on which causes to support, the following steps can help.

Our six-step planning model makes it easier for anyone who plans to make a difference.

The Private Giving Foundation simplifies the act of giving, but it is by no means your only choice. If you plan to implement your charitable giving plan through alternative resources, you can still use the following six-step method to organize your effort and ensure that you don't overlook any opportunities to maximize the impact of your legacy.

## 1 Identify your values

Make a list of the values that you use to conduct yourself in your daily life with family, friends and business associates.

### Here are some questions to ask yourself –

- What values are most important to me?
- What are the issues, interests or causes that I care about most or that have had the most impact on my life?
- How do I want to be remembered?

### Write down your top three personal values from this list –

Access	Dignity	Freedom	Justice	Respect
Community	Diversity	Generosity	Knowledge	Responsibility
Compassion	Equality	Healing	Leadership	Service
Creativity	Excellence	Innovation	Opportunity	Stability
Democracy	Family	Integrity	Peace	
Other	_____			

## 2 Identify your causes

Review your list of values. Does one of the causes below fit more obviously with your list than any others?

### Ask yourself –

- Does this cause easily address the values that I listed in Step 1?
- Have I lost someone important to me to a disease?

### Write down your top two causes from the following list –

Animals	Dignity in dying	Environment	Religion
Anti-racism	Disability rights	Health	Seniors
Arts and culture	Domestic violence	Homelessness	Sports
Children	Drug and alcohol abuse	Immigrant services	Women's rights
Community activities	Education	Literacy	Youth development
Cultural heritage	Employment training	Poverty	
Other _____			

## 3 Identify your geographic focus

Decide whether you want to allocate your funds on a local, provincial, national or global level. Here is an illustration that shows someone who has chosen Education as the cause with the focus being Literacy.

**Cause:** Education

**Focus:** Literacy

**National Charity:** A charity that recruits and trains volunteers as tutors for children, teens and adults and is active in every province

**Local Charities:** Libraries, reading circles for high-risk children, homework clubs for teens in danger of dropping out of school, language programs to help make recent immigrants job ready

## 4 Research your options

You have now identified your values and the causes and regions to which you want to allocate your funds. If you are not aware of a charity that reflects these criteria, some brief research should help. Here is a list of websites where you can look up various charities for the causes that you have chosen –

### **www.charityvillage.com**

Select an area of interest under “Organizations” and Charity Village will provide you with a list of links to related charities.

### **<http://www.cra-arc.gc.ca/tax/charities/menu-e.html>**

This Government of Canada site provides information about registered charities including their boards of directors, programs and mandates, new programs, staffing and more.

### **www.donorsguide.ca**

The most recent Canadian Donor’s Guide provides contact and basic information about more established and active charitable organizations across the country.

### **<http://canada.takingitglobal.org>**

If you are interested in supporting Canadian charities that work globally, click on “Organizations” in the “Opportunities” section for information and links. Check the “Understanding” section for a discussion of a variety of issues.

## 5 Evaluate your choices

Now that you have discovered a charity (or charities) that fits your criteria, make sure that it is worthy of your support. Request a copy of the charity’s annual report, list of board members and latest financial statements. This information should provide you with a clear idea of the type of programs the charity operates, how and where these programs are carried out, who governs the charity, how much of your money will be spent on programs, and how much is spent on fundraising and administrative costs.

## 6 Designate your donations

As you research potential charities, you may discover interesting programs that you want to support directly. If you wish to donate to specific programs, check with your selected charities to ensure that they can accept designated funds and will follow through on your wishes.

Community Foundations are another way to give if you are interested in supporting your local community. You can donate to Community Foundations in cities, towns and rural areas across Canada.

A Community Foundation is a philanthropic organization focused on building permanent endowments in order to tackle long-term community challenges and meet immediate needs. For more information, visit [www.community-fdn.ca](http://www.community-fdn.ca). Community Foundations in your area can be found by clicking on your province under “Community Foundation Finder.”

**Plan your giving more effectively, create a lasting legacy for charities you wish to support and realize significant tax advantages.**

**Open your donor-advised account with the Private Giving Foundation – offered through TD Waterhouse.**

Please read the Program Guide at [www.tdwaterhouse.ca/privategiving](http://www.tdwaterhouse.ca/privategiving) for policies, guidelines and other important information pertaining to the Private Giving Foundation and donor-advised accounts.

To find out more about how this program can help you reach your charitable giving goals, please contact your representative, call **1-866-313-1234** or visit [www.tdwaterhouse.ca/privategiving](http://www.tdwaterhouse.ca/privategiving)



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# The Tax Benefits of Giving

Our federal and provincial governments encourage charitable giving by providing a number of tax incentives for individuals. These incentives can fund as much as 50% of your donation.

We have outlined some key tax tips below, but please remember that your charitable giving, especially large gifts, should be part of your overall financial plan, and the guidance of your tax and financial advisors is strongly recommended.

**Take your tax credits** – The tax credit for charitable donations can fund up to approximately 50% of your donation (combined federal and provincial for donations over \$200) depending on your province.

The calculation below shows the potential tax savings for donations in excess of \$200.

Tax Credit Calculation	
Donation	\$10,000
Federal and Provincial credits	\$4,800
Total tax savings as a % of gift	48%

For illustrative purposes only.

**Pool tax receipts** – To maximize your donation tax credit, you can pool your donation receipts with your spouse's and report them on one spouse's tax return. In most cases, the higher-income spouse should claim the credit.

**Consider corporate donations** – If you make a corporate donation, your company may claim a tax deduction, not a tax credit. The value of this tax deduction depends on the company's effective tax rate. Donating securities held in your corporation also qualify for the elimination of capital gains tax. This type of donation also has the potential to provide the benefit of allowing for tax-free withdrawals from your corporation.

**Carry forward large donations** – Each year, you can claim a tax credit for donations up to 75% of the net income reported on your federal tax return, but you don't lose your tax break if you exceed that limit. The excess can be carried forward for up to five years, still subject to the 75% limit in each year claimed.

**Eliminate capital gains tax by donating marketable securities** – Donating publicly traded securities and mutual funds that have appreciated in value can be very advantageous. When you donate equities, bonds or mutual funds to charities or foundations such as the Private Giving Foundation, there is no capital gains tax on any gains from the disposition of these securities.

In the example below, you would reduce your taxes by an additional \$19,200 if the securities were donated directly to the Private Giving Foundation, versus selling the securities and donating the proceeds to a charity.

	Sell securities and donate proceeds to charity	Contribute securities to the Private Giving Foundation
1. Market value	\$100,000	\$100,000
2. Cost of securities when purchased	\$20,000	\$20,000
3. Capital gain (1) – (2)	\$80,000	\$80,000
4. Taxable gain (3) x 50% or 0%	\$40,000	\$0
5. Tax on gain (at 48%)	\$19,200	\$0
6. Capital gains tax savings	\$0	\$19,200
7. Tax credit (at 48%)	\$48,000	\$48,000
8. Capital gains tax savings and tax credit (6) + (7)	\$48,000	\$67,200

For illustrative purposes only.

This valuable benefit also applies if you donate shares of a public company you have acquired with employee stock options. You are not taxed on any of the employment benefit if –

- the shares acquired, or proceeds of disposition of shares acquired, are donated in the year and within 30 days of the employee stock option being exercised
- the shares are ordinary common shares
- the price you paid was no less than the fair market value of the shares when the option was issued
- you donate the shares to a registered charity such as the Private Giving Foundation



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