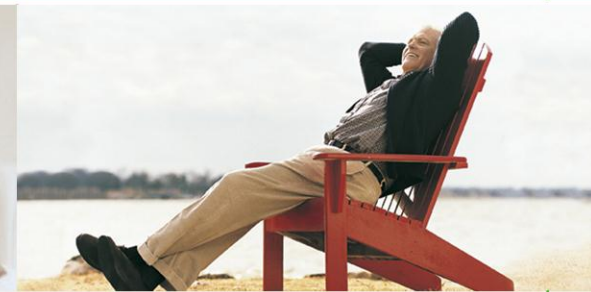


# Private Client Services



**Waterhouse**

Wealth of Experience



# Investing in Your Community

Private Investment Advice

**Errol Duke Scott, FCSI**  
**Investment Advisor**  
**Certified Retirement Specialist**



## Agenda

- Trends in the charitable sector
- Overview of the tax benefits of giving
- How to develop a charitable plan
- The Private Giving Foundation





# The Importance of Canada's Charities

- Play a key role in Canada's economy and society
- Relied upon heavily at home and abroad
- Over 80,000 registered charities
- Number of charities increases by approximately 1500/year

Source: Canadian Customs and Revenue Agency, 2002, *Tax Advantages of Donating to Charity*



## Charities are a major part of the economy

### Canadian Generosity

- Average annual donation - \$259
- Where it goes
  - Religion: \$2.42 billion
  - Health: \$96.3 million
  - Social services: \$503 million
  - Philanthropy/volunteerism: \$363 million
  - Education/research: \$152 million

Source: Canadian Customs and Revenue Agency, 2002, *Tax Advantages of Donating to Charity* and C.D. Howe Institute, 2003, *Tax Treatment of Charitable Donations: How Much is Enough?*



## Charitable Sector Under Pressure

- Financial Strains
- Labour Challenges
- Growing Demand



## Financial Strains

- Growing demand for services
- Severe government cutbacks
- Intense competition for government grants
- Shift from core funding to project based funding



## Labour Challenges

- Jobs are often part time or temporary
- Workloads are rising
- Pay, benefits & advancement are less than in other sectors
- Time starved Canadians working longer, commute farther



## Growing Demand

- Healthcare requires greater share of resources
- Aging population requires more forms of assistance
- Government reductions in service, offloaded to private sector





## You Can Help



*Make a difference*



*Build a lasting legacy*



*Invest in the future*



## How You Can Help Charities

- Greater private sector involvement
- Funding targeted to long-term general operations
- Individuals to incorporate philanthropic strategies as part of their financial plans
- Baby boom generations to donate time/expertise
- Consistent support



## Charitable Giving Makes Financial Sense

### 1. Tax credits for charitable donations

- *16% on the first \$200*
- *29% on amounts over \$200*
- *Additional tax savings by reduced provincial taxes*

Potential tax savings for donation in excess of \$200:

- *Donation* *\$10,000*
- *Federal & Provincial credits* *\$ 4,800*
- *Total tax savings as a % of gift* *48%*



## Charitable Giving Makes Financial Sense

2. Carry forward large donations:
  - Claim donations up to 75% of net income
  - Excess may be carried forward up to 5 years
  - Increased limit in year of death
3. Pool tax receipts
4. Reduce capital gains by donating securities
5. Corporate donations

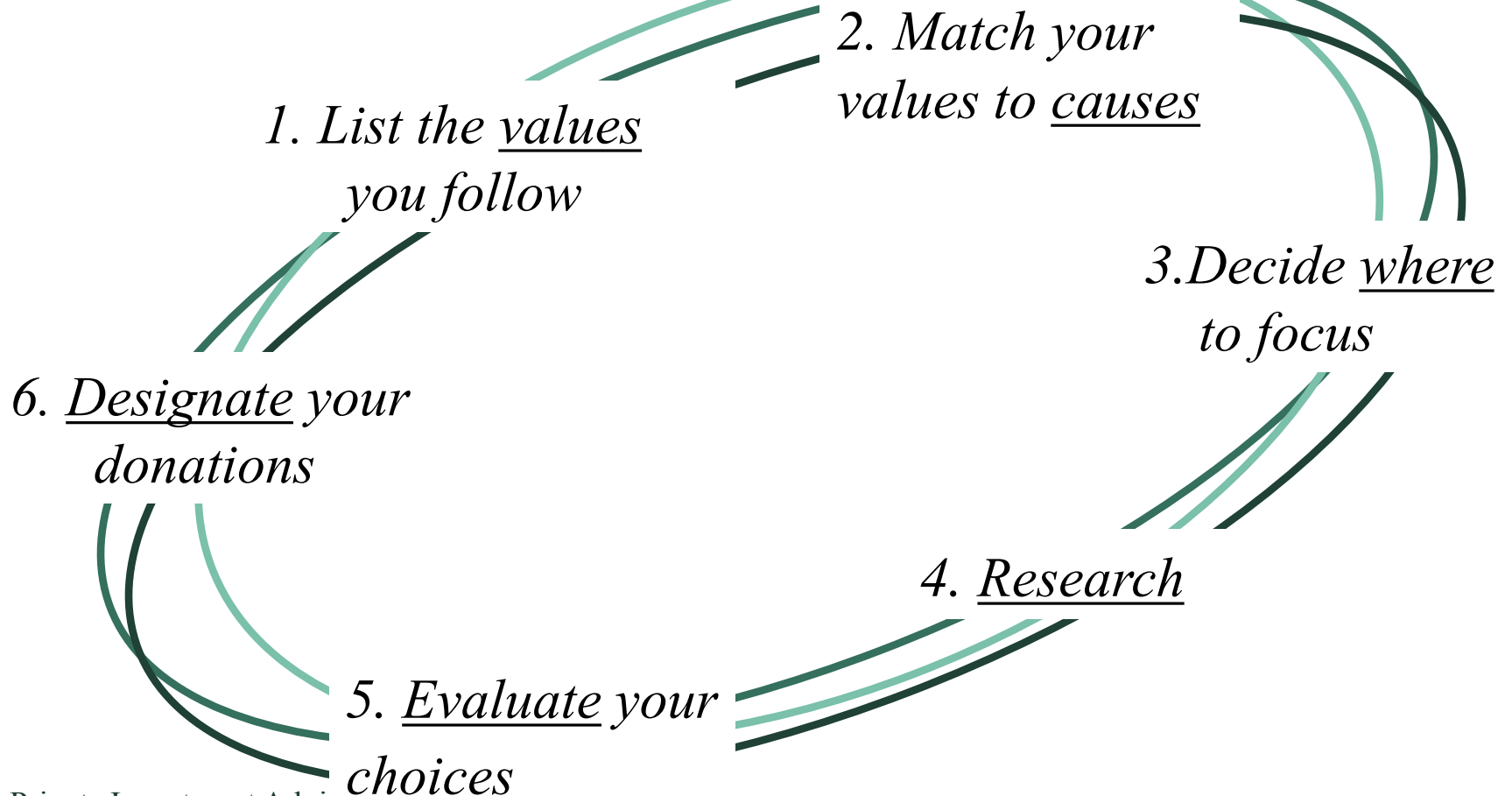


## Creating a Plan





## How to Choose a Charity





## Charitable Giving Options

- Cash Gifts
- In-kind Gifts (art, real estate, securities)
- Life Insurance
- Charitable Gift Annuities
- Charitable Remainder Trust
- RSP and RIF charity beneficiary designations
- Bequests
- Private Foundations
- Community Foundations
- Donor-Advised Funds: The Private Giving Foundation



## The Private Giving Foundation

- 1st program of its kind in Canada
- Highly popular option in the U.S.
- Provides all benefits of your own private foundation without the complexities



The Private Giving Foundation is the first of its kind from a Canadian financial institution.





# How the Private Giving Foundation Works

- Public foundation; majority of Board independent from TD
- Minimum irrevocable contribution only \$10,000 in cash or securities
- Charitable tax receipt issued for all donations
- Assets invested in special class of TD Balanced Income Fund
- Reduced MER; administration fee on a declining scale
- Each year, the Foundation distributes income and a portion of the capital gains to charities that the donor recommends



## Benefits of the Private Giving Foundation

- Simple and planned approach to giving
- Low initial irrevocable contribution
- Provides structure to create a legacy of giving in perpetuity
- Elimination of capital gains treatment when donating appreciated publicly traded securities
- One annual charitable tax receipt summarizing all donations
- Benefits of private foundation without legal or set up fees, or complexities of ongoing administration



## Benefits of the Private Giving Foundation

- Ability to donate anonymously
- Succession planning: pattern of giving may continue for generations
- Donor receives detailed quarterly statements; recordkeeping and tracking done by TD
- Third party donors may also donate and receive charitable tax receipts (min.\$1,000)
- Donate now, decide later



## Cost Effective Program

Reduced MER of 1%; administration fee on a declining scale

Private Giving Foundation – Declining Administration Fee Schedule			
First \$250K	\$251K-\$750K	\$751K-\$1MM	Over \$1MM
1.5%	1.25%	1.0%	Negotiable

### Cost to set up your own Private Foundation

- \$10-20K basic set-up structure
- Investment fees (variable: MERs, trade execution, etc)
- Potential trustee/custody fees and accounting fees
- Any required salaries and administrative overhead, if required



## You Can Make A Difference

- Plan your approach
- Incorporate giving strategies in your overall financial and estate plans
- Educate yourself and others on the tax benefits of giving, and the wide selection of causes
- Consider donating time/expertise



*Thank you*





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