

**First Unitarian Church of Victoria and
First Unitarian Church of Victoria Foundation**

Planned Giving

This information is adapted from a document prepared by the Unitarian Church of Edmonton

Thank you for your interest in supporting First Unitarian Church of Victoria and First Unitarian Church of Victoria Foundation (Foundation) and our many programs.

CHARITABLE WILL BEQUESTS

Many people support charitable organizations by making a future gift from their estates. A charitable will bequest is a direction you make in your will that instructs your Executor(s)/Trustee(s) to leave one or more of your assets to a charitable organization. A charitable will bequest is a way to direct a gift to the First Unitarian Church of Victoria or Foundation while providing financial benefits and tax savings for your estate. It can reduce taxes owing upon death and, at the same time, actually increase inheritances to loved ones.

Everyone should have a will, if for no other reason than peace of mind. With the help of an estate professional, you can make sure that your family and loved ones will have the resources they'll need after your passing. If you don't have a will, you'll have no say in the distribution of your assets – it will be left completely up to the province in which you live to distribute your estate.

The Benefits to You

- Tax Relief – A charitable bequest is an effective method to reduce estate taxes.
- Tax Planning – The First Unitarian Church of Victoria or the Foundation will issue a tax receipt for the full value of your bequest. This receipt will be used to reduce the tax payable on your final tax return. If your bequest exceeds 100% of your net income, the excess may be carried back to the previous tax year.
- Simple – A bequest is easy to arrange. Simply ask your lawyer to include a bequest to the First Unitarian Church of Victoria or the Foundation in your will.
- Flexible – Your bequest can be a specific amount, a percentage of your estate or the residue of your estate - which is a gift after your debts have been paid and other bequests made.
- Control – You retain the use of the charitable gift for the duration of your lifetime.
- Peace of Mind – You can make changes in your will at any time.
- Cost Effective – There are no extra costs to add a charitable bequest to your will at the time it is prepared. The cost of adding a codicil to an existing will to add a bequest is minimal.

- Convenient – A bequest can be made no matter how old you are and can be for any amount you choose. Your bequest can be cash, GIC's, securities (stocks, bonds, mutual funds), real estate, or other tangible personal property.
- Memorialize – Your bequest can symbolize a lasting memorial for you, your family or anyone you may wish to honour, or may be made anonymously if you wish.

Seek Expert Advice: The First Unitarian Church of Victoria and Foundation strongly recommends that you consult your lawyer or estate planner regarding specific information and wording of any Charitable will Bequest.

GIFTS OF PUBLICLY TRADED SECURITIES & MUTUAL FUNDS

If you own stocks or mutual funds outside of registered plans that have grown in value you will face a tax bill when you sell them. The 2006 Federal Budget introduced a special tax incentive on Gifts of Publicly Traded Securities and Mutual Funds - a complete elimination of capital gains tax on these types of charitable gifts.

The Benefits to You

- Opportunity – An opportunity to make a significant gift during your lifetime.
- Tax Advantages – The charitable tax receipt effectively cancels the capital gains tax owing.
- Reduced Expenses – The actual cost of making the gift is greatly reduced. Some brokers waive their fees for trades to not-for-profit organizations.
- Simple and Convenient – Securities are easy to transfer. Your broker transfers the shares from your brokerage account directly to the First Unitarian Church of Victoria and Foundation brokerage account.

How does it work?

A donation receipt is issued for the fair market value of the security on the date of transfer. The securities must be transferred directly to the First Unitarian Church of Victoria or Foundation and not be sold by you, the donor. The gift will not qualify for the elimination of capital gains if the shares are sold and the cash then gifted to a charity.

Seek Expert Advice: If you are thinking about transferring assets that have appreciated in value, you should seek expert advice from a tax specialist or your lawyer. The First Unitarian Church of Victoria and Foundation strongly recommends professional advice to ensure that your financial goals are considered, your tax situation reviewed and your planned gift is tailored to your circumstances.

GIFTS OF REGISTERED ASSETS - RRSPs AND RRIFs

If you die without a surviving spouse or qualifying dependants, the full remaining value of your RRSP or RRIF is added to your income in the year of death, and your estate must pay the taxes. RRSPs and RRIFs often create large tax liabilities for a taxpayer in the year of death, since the entire amount of the plan is included in the taxpayer's income in one year. Donating to the First Unitarian Church of Victoria and Foundation all or part of an RRSP or RRIF is a very effective way to reduce the taxes payable by your estate.

A gift of RRSPs or RRIFs may enable you to fulfill dual goals of supporting your favourite charity while reducing the amount of taxes that your estate would otherwise have to pay. If the RRSP or RRIF has a registered charity as the direct beneficiary, the estate will receive a donation receipt for the entire value of the plan. The credit arising from this donation will offset the tax liability. As a result, the entire value inside an RRSP or RRIF can be given to a registered charity in the year of death with no tax implications.

There are two ways to donate the proceeds of an RRSP or RRIF:

1. You can name the First Unitarian Church of Victoria or Foundation as the direct beneficiary of your RRSP or RRIF. Upon your death the proceeds will be paid directly to the Church or Foundation without going through probate.
2. You can name your estate as the beneficiary of your RRSP or RRIF and leave instructions in your will to donate all or part of the RRSP or RRIF to the Church or Foundation. You may specify a percentage of the RRSP or RRIF or a particular dollar amount to be donated. The donation qualifies for the charitable donations tax credit for up to 100% of income in the year of death and in the year preceding. Note: The trustee of your RRSP or RRIF will withhold taxes and probate will apply.

Planning tips: When considering a planned gift, it is important to consult your lawyer, tax specialist and/ or financial advisor so you can choose a strategy which best provides you or your estate with the largest tax savings while fulfilling your charitable goals.

1. It is important to keep your will up to date and to consult a professional to ensure that your will provides for your beneficiaries and that your wishes are carried out with respect to donations and tax planning.
2. Life insurance proceeds, being non-taxable when paid outside of the estate, can be used as a planning tool in the year of death. If a taxpayer leaves his or her RRSP or RRIF to a child, the taxpayer will have a large tax liability from the inclusion of the RRSP or RRIF in his or her income. Assigning a registered charity as the direct beneficiary of a life insurance policy will result in a donation tax credit for the value of the policy upon death. This tax credit can be used to help offset

the tax liability from the RRSP or the RRIF. Consequently, a life insurance policy can allow for a smoother transfer of an RRSP or RRIF between generations.

GIFTS OF LIFE INSURANCE

A Gift of Life Insurance is an easy and simple way to support the First Unitarian Church of Victoria or Foundation while allowing you to make a significant gift that you might not otherwise be able to give.

The Benefits to You

- Simple and Convenient – The transaction is simple. Your life insurance agent can advise you on the type of policy that would best fit your needs, custom design your program and carry through with the necessary paperwork.
- Inexpensive – A way to make a larger gift than you might otherwise be able to, without depleting your current assets now or your estate later.
- Leverage – The ultimate value of your policy will be far more than the premiums you pay.
- Save Taxes Today – Immediate tax relief in the form of the charitable tax receipts.
- Estate Preservation – Your estate value to your family is not diminished because life insurance, by its very nature, creates an additional, separate payout benefit.
- Eliminates Probate, Legal & Executor Fees – Life insurance is not subject to probate costs or delays in settlement. The full proceeds are payable to the First Unitarian Church of Victoria or the Foundation at maturity or upon your death.
- Peace of Mind – You can plan, arrange and announce the gift yourself and you will know that it will occur just as planned.
- Control – Life insurance is not a matter of public record allowing you to remain anonymous. And unlike a will, the gift cannot be contested.

There are a number of ways you can make a gift of Life Insurance to the Church or Foundation.

1. You can take an existing policy that has finished serving its original purpose and simply have the ownership and beneficiary designation transferred to the First Unitarian Church of Victoria or the Foundation. This designation cannot be changed. A charitable tax receipt will be issued for any accumulated dividends within the policy at the time of transfer. Any continued premium payments also qualify for a charitable tax receipt. There are tax advantages to retaining your current policies. The First Unitarian Church of Victoria and Foundation strongly recommends that you discuss this matter with your insurance agent, lawyer and/or financial advisor before any transfer takes place.

2. A new life insurance policy is purchased. After one premium payment has been paid, the First Unitarian Church of Victoria or the Foundation is named as the owner and beneficiary. You continue to pay the premiums and receive a charitable tax receipt for the premium payments. Again, this designation cannot be changed.
3. It may be to your advantage to name your estate as the beneficiary of your life insurance policy, and then make a same dollar amount charitable bequest in your will to the First Unitarian Church of Victoria or the Foundation. You will not receive a tax receipt for any of the premiums paid during your life. However, your estate will be eligible to claim a donation for the full amount of the insurance proceeds.
4. If you wish, you can name the First Unitarian Church of Victoria or Foundation as your beneficiary on your individual or group life insurance policy at your workplace. You retain ownership of the policy. You can change the beneficiary designation at any time. If you are a salaried employee, and have a benefit plan that has a death benefit component to it, consider naming the First Unitarian Church of Victoria or Foundation as the beneficiary. However, you will not receive a tax receipt for any premiums paid. The Canada Revenue Agency (CRA) has ruled that ONLY when the charity is owner and beneficiary of the life insurance policy can a tax receipt be issued for premiums paid.

Seek Expert Advice: A life insurance representative should review in detail what type of policy would best fit your needs. Before considering a gift of Life Insurance, you should already have satisfied any need for life insurance for the protection of your family.

GIFT ANNUITY

A Gift-Plus Annuity allows you to make a gift to support the First Unitarian Church of Victoria or Foundation while at the same time receiving a guaranteed, predetermined income for life that may be tax-free. It is an ideal choice for those who may be concerned about the amount of tax that they are now paying or depleting the capital that generates their income. Annuities are high quality, guaranteed investments that provide regular payments to you and/or your spouse.

The Benefits to You

- Immediate Gift – Enables you to give a lump sum to the First Unitarian Church of Victoria and Foundation for immediate use.
- Tax-free Income – Each annuity payment is a blend of capital and interest - the capital portion of your payment is non-taxable. The blend is structured so you pay very little or no tax.

- High Return – A Gift-Plus Annuity can provide you with a higher return than those available on similar investments such as Guaranteed Investment Certificates or Canada Savings Bonds.
- Insured – Annuity payments are insured by the Canadian Life and Health Compensation Corporation, which guarantees your payments up to \$2,000/month in the event of an insurance company failure.
- Worry Free – You are free from investment management concerns.
- Flexible – You can purchase an annuity now and defer the payments to a later date.
- Convenient – You choose the payment structure that suits you - monthly, quarterly, or annually, and your payment can be deposited directly into your bank account.
- Tailored – The Church or Foundation will work with you, your lawyer, tax specialist and/or financial advisor to ensure that your gift is set up to meet your needs.
- Reputable – After the details of the annuity have been decided, the First Unitarian Church of Victoria or Foundation purchases the charitable annuity from a reputable Insurance Company on your behalf.

Seek Expert Advice: Working out the terms of a Charitable Gift Annuity is complex and calls for legal and financial planning advice. The size of the annuity capital, your required income flow and your age are used to calculate the size of your annuity payments.

Please seek expert advice from your lawyer, tax specialist and/or financial planner on how to proceed.

CHARITABLE REMAINDER TRUST

A Charitable Remainder Trust is a way of giving assets to the First Unitarian Church of Victoria or Foundation through a trust agreement. A Charitable Remainder Trust can be established by contributing cash, GICs, bonds, stock securities, mutual funds or real estate to a trustee who then holds and manages it. You may choose a Charitable Remainder Trust because you have an asset that you would eventually like to give to First Unitarian Church of Victoria or the Foundation, but you need the income it now provides, or you may not wish to part with the asset now.

The Benefits to You:

- Income –Your Trust can provide you with a lifetime income.
- Tax Advantages – A tax receipt is issued when assets are transferred to a Trust that names First Unitarian Church of Victoria or the Foundation as the capital beneficiary.

- Tax Advantages – The five-year carry forward provision allows effective tax planning while alive, rather than the one-year carry-back provision upon death.
- Tax Advantages – Beneficial treatment of capital gains. If appreciated property is donated to the Trust; only those gains attributed to the residual interest are recognized.
- Tax Advantages – The capital gains are frozen and are dealt with at today's value.
- Worry-Free Management – Your Trust can be managed professionally freeing you from daily investment decisions or market concerns.
- Eliminates Probate and Estate Fees – Your gift is not subject to probate fees and other estate costs.
- Avoids will Challenges – Trust assets are not considered part of your estate.
- Protects Privacy – By transferring assets to a Trust, your decision is private.
- Control – The Trust retains your assets until death, at which point the First Unitarian Church of Victoria or Foundation will receive the remainder of the property in the trust.

How does it work?

You receive a donation receipt for the present fair market value of the remainder interest calculated by a Canada Revenue Agency (CRA) formula, which takes into account your life expectancy and the present value of the property being transferred into the trust. Valuations are required to determine a value of the remainder interest so that a tax receipt may be issued.

The total cost of establishing and administering the trust must be weighed against the future reduction of tax and other benefits before creating a trust. The assets within the Charitable Remainder Trust should be worth at least \$150,000 to offset management fees.

Important points to remember include:

- The transfer of assets to the trust is irrevocable and cannot be changed;
- The amount of the tax receipt is determined by a formula set by the Canada Revenue Agency (CRA) - which takes into account your life expectancy and the present value of the assets;
- Valuations are required to define a value of the remainder interest.

Seek Expert Advice: If you are thinking about transferring assets that have appreciated in value, you should seek expert advice from your lawyer, tax specialist and/or financial planner. The First Unitarian Church of Victoria and Foundation strongly recommend professional advice to ensure that your financial goals are considered, your tax situation reviewed and your planned gift is tailored to your circumstances.

GIFTS OF REAL ESTATE

A Gift of Real Estate allows you to give an immediate gift and receive an immediate tax receipt for the fair market value of the property. Gifts of Real Estate include principal residences, farms, land and commercial property. Gifts of Real Estate allow you to simplify your estate and give to the First Unitarian Church of Victoria or Foundation during your lifetime. This type of gift may be appealing if you are looking at ways to reduce your taxes now and are not in need of the dollar proceeds of the sale of your property.

The Benefits to You

- Opportunity – You may not have liquid assets to fund a gift, however you may have property. The property can be donated allowing you to make a larger gift than could be made in cash.
- Tax Advantages – You receive a charitable tax receipt, thereby increasing after-tax income.
- Tax Advantages – The five-year carry forward provision allows effective tax planning while you are alive rather than the one-year carry back provision upon death.
- Reduction of Expenses – No maintenance, insurance, property taxes and other costs.
- Reduction of Probate Fees – Your asset has been removed from your estate, thereby decreasing probate fees upon death.
- Tax Advantages – If your principal residence is given, no capital gains tax is triggered, however a charitable tax receipt will be issued by the First Unitarian Church of Victoria or Foundation for the full fair market value of the property.

How does it work?

Once you have notified us that you are considering a gift of Real Estate, the First Unitarian Church of Victoria or Foundation begins the valuation process. An independent appraiser must appraise the property and give a valuation. You sign and deliver a deed transferring the property to First Unitarian Church of Victoria or the Foundation. A tax receipt is issued to you for the fair market value as of the day on which the transfer takes place.

Seek Expert Advice: If you are thinking about transferring assets that have appreciated in value, you should seek expert advice from your lawyer, tax specialist and/or financial planner. The First Unitarian Church of Victoria and Foundation strongly recommend professional advice to ensure that your financial goals are considered, your tax situation reviewed and your planned gift is tailored to your personal circumstances.

GIFTS OF RESIDUAL INTEREST

A gift of Residual Interest is a method of giving in which property is deeded to First Unitarian Church of Victoria or the Foundation; however you retain the use of the property for the rest of your life or a term of years. For example, you might give a residual interest in your cottage, but continue to use it and enjoy it over your lifetime. These types of gifts are usually given by those who plan to give the property through a will bequest to the First Unitarian Church of Victoria or Foundation but would like to reduce income tax now, without any changes in their living arrangements.

The Benefits to You

- Tax Advantages – You receive a charitable tax receipt thereby increasing after-tax income.
- Probate Fee Reduction – Your asset has been removed from your estate, thereby decreasing probate fees upon death.
- Control – You have made a significant contribution without loss of enjoyment of your asset.

How does it work?

You give a property to the First Unitarian Church of Victoria or Foundation and retain the use of it for life. The property is appraised and the value determined. A deed is drawn up and signed by you and First Unitarian Church of Victoria or the Foundation. You are entitled to a tax receipt for the present value of the residual interest.

Seek Expert Advice: If you are thinking about transferring assets that have appreciated in value, you should seek expert advice from your lawyer, tax specialist and/or financial planner. The First Unitarian Church of Victoria and Foundation strongly recommend professional advice to ensure that your financial goals are considered, your tax situation reviewed and your planned gift is tailored to your circumstances.