

# Testamentary Donations: Make a lasting gift that grows

*Mackenzie Charitable  
Giving Program*  
made easy through  
your financial plan



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# Mackenzie Charitable Giving Program

## Make a lasting gift

We all have a story to tell and a legacy to leave. What, when, and how we give makes a difference – both to us and to the causes we care about. There are numerous ways to leave a lasting gift that may also provide substantial tax and estate planning benefits.

You can make a testamentary donation to an existing Mackenzie Charitable Giving Program account, or set up a new account today or in the future.

Here are some giving options to explore:

**1**

Gift through  
a Will

**2**

Gift life  
insurance

**3**

Gift retirement  
assets  
(RRSP, RRIF)

# Gift through a will

You can continue to support the charities and causes you care about by making a bequest through your Will.

## How it works

- 1 You name a Mackenzie Charitable Giving Program account as a beneficiary through your Will.
- 2 Your bequest can be for a specific dollar amount, or a portion of your estate.

## Helpful language

### Make a specific bequest

I give, devise and bequeath the sum of \$XXX dollars to the Strategic Charitable Giving Foundation to be allocated to the John Smith Charitable Fund in accordance with the terms of the Strategic Charitable Giving Foundation.

### Make a residual bequest

I give, devise and bequeath all (or a portion) of the residue of my estate to the Strategic Charitable Giving Foundation to be allocated to the John Smith Charitable Fund in accordance with the terms of the Strategic Charitable Giving Foundation.

### Direction around what may be used to fund the donations

I direct my trustee to make the gift in the manner and using the estate assets which will provide the greatest income tax relief, including giving appreciated stocks, bonds, mutual funds and other public securities in the place of cash.



\*Please review this language with a legal advisor to ensure that it is applicable and enforceable in your jurisdiction. The suggested wording is an example only.

## Gift life insurance

You can enhance the value of your charitable donations by gifting a life insurance policy to a Mackenzie Charitable Giving Program account.

### How it works

- 1 The donor ensures that the policy names the Foundation and his/her account ("Strategic Charitable Giving Foundation – John Smith Charitable Fund") as a beneficiary of the policy (not available in Quebec).
- 2 When the donor dies, a tax receipt is issued for the full amount of the donation.
- 3 The donor's estate representative can use the tax credit to reduce the donor's taxes for the final two income tax returns, and under certain circumstances, may use the credit in the estate.

**As an alternative to designating the Foundation as the beneficiary of a life insurance policy upon the donor's death, a donor may instead choose to transfer ownership of a life insurance policy to the Foundation at any time during the donor's life.**

The donor will transfer ownership of the policy to the Strategic Charitable Giving Foundation and agree to continue to pay all the future premiums.

The tax receipt would be issued for the fair market value of the policy on the date of the donation. Additional tax receipts would be provided for each additional premium payment made by the donor.

When the insured donor passes away, the value of the insurance policy would be invested in the donor's foundation account. No further tax receipt would be provided on the death of the donor.

## Gift retirement assets

Donating retirement assets like a RRSP or RRIF is a smart and effective way to offset taxes and probate fees. Simple and easy to do, the donor names the Foundation and his/her account ("Strategic Charitable Giving Foundation – John Smith Charitable Fund") as a beneficiary of the RRSP or RRIF.\*

\*Applicable in all provinces except Quebec. In Quebec the beneficiary designation may only be made in the Will.



## Tax treatment of testamentary donations

Over the last decade, the Federal Government has made changes to the Income Tax Act, which provide incentives for Canadians to give back to the community. These include:

- 1 A testamentary donation will result in a donation tax credit at both the Federal and Provincial levels. The tax credit can be used against income tax based on up to 100% of net income in the year of death, and the year immediately preceding death. This can lead to some powerful estate planning opportunities.
- 2 Testamentary donations (either by Will or beneficiary designation) will also allow the estate representative to use donation tax credits in the first 36 months of the estate, if the estate is designated as a Graduated Rate Estate, or if the estate is not wound up within 3 years, in the subsequent 5 years.

**As a result, taxpayers may be able to reduce or even eliminate the taxes payable on death through a sizeable charitable contribution.\***

## Setting up an account

A Mackenzie Charitable Giving Program account must be established during the lifetime of the donor.

### How it works

- 1 An account may be set up by your financial advisor while you, as the donor, are alive as part of the estate planning process. By doing so, you can provide the Foundation Administration with all relevant information regarding how you want your Foundation account to be managed and indicate the charities that will receive designated grants annually to establish your legacy. You would then work with your legal advisor to designate your account as a beneficiary under your Will, insurance policy or retirement plan.
- 2 When establishing your Foundation account, you can provide complete instructions regarding the ongoing management of the account to the Foundation with your advisor.

\* There are important issues regarding the tax treatment of testament donations and it is important to consult a legal and tax advisor.



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# Giving starts with a conversation

To make a lasting gift through a will, life insurance policy, retirement asset, or for more information, please speak to your financial advisor.

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Mackenzie developed the Mackenzie Charitable Giving Program with the Strategic Charitable Giving Foundation, a registered Canadian charity. Donations under the program are irrevocable and vest with the Foundation. The information is general in nature and is not intended to be professional tax advice. Each donor's situation is unique and advice should be received from a financial advisor. Please read the program guide for complete program details, including fees and expenses, before donating.

**Give**



**Grant**



**Grow**

Mackenzie Charitable Giving Program

That's better together

