Planning: The hope of today

God has a plan for each of our children and their children and their children...

For many, Christian education is a part of that plan. The vision of the Langley Christian School Foundation is to ensure the continued affordability of Christian education. Planned gifts to the Foundation will have a lasting impact on the lives of future generations of children.

*God’s children…..a community responsibility!*

**LCS Foundation**

…established to provide tuition assistance for Langley Christian School families in need, to provide scholarships for its graduating students and to ensure the funding of future major capital expenditures for the school.
Stewardship

Giving: The reality of the future

“You can’t take it with you but you can send it on ahead.”

“The earth is the Lord’s, and everything in it, the world, and all who live in it.” Psalm 24:1. Jesus Christ calls us to a joy filled life in Him and invites us to practice Christian stewardship in everything we do. This includes how we handle our money. We are to be generous with what has been entrusted to us.

“We will tell the next generation the praiseworthy deeds of the Lord, his power, and the wonders he has done... so the next generation would know them, even the children yet to be born, and they in turn would tell their children...” Psalm 78: 4-6.

In hope and anticipation we thank God for His faithfulness to Langley Christian School.
Tangible property such as real estate, stocks, bonds, securities, art and many other items can be donated.

A simplified way of transferring property to LCS where the donor is not required to “cash in” or sell property.

Gifting the proceeds of a registered plan.
• The donor retains the use of the assets during retirement.
• Charitable receipts will be issued which can be used on final tax return or carried back to a prior year.

Typically this works best for donors over the age of 40.

Cash
• A gift of cash is easy and simple!
• No costs of donation.
• The donor receives a donation receipt which results in a tax credit.

Life insurance
• An affordable means to leave a substantial gift to LCS with premiums being regarded as donations during the donor’s lifetime.

Gifts of securities
• No capital gains for the donor for donations of listed securities that have increased in value.

Gifts in kind
• Tangible property such as real estate, stocks, bonds, securities, art and many other items can be donated.
• A simplified way of transferring property to LCS where the donor is not required to “cash in” or sell property.

RRSP/RRIF
• Gifting the proceeds of a registered plan.
• The donor retains the use of the assets during retirement.
• Charitable receipts will be issued which can be used on final tax return or carried back to a prior year.
• Typically this works best for donors over the age of 40.

Which gift is right for you?
**gifts for today & tomorrow**

**bequests (will planning)**
- A donation of assets to LCS through a will declaration.
- Flexible, as capital is not tied up and can be used as the donor sees fit.
- Can take on many forms: real estate, insurance, cash, etc.
- Gift can be changed or revoked by changing the will.

**charitable gift annuity**
- The donor gives a lump sum donation to LCS with LCS providing a fixed amount of income back to the donor for a specific term or for life.
- The donor can receive an immediate donation receipt.
- Typically there are significant tax savings for donors over age 65.

**charitable trusts**
- The donor gives a gift of property to be held in a trust and transferred to LCS at some point in time.
- The donor can receive an immediate donation receipt.
- Income generated from the trust can be paid back to the donor.
- The donor can retain control and use of the assets within the trust.
where do you fit?

I’d like to help... How does it work? What are my benefits?

Building in your 20’s to 50’s?
Busy working family with children, paying school and/or post-secondary tuition while planning for retirement.
- Gifts of Cash & Securities
- Life Insurance
- Gifts in Kind
- Bequests (Will Planning)

Planning in your 60’s?
Working family approaching retirement or a retired family. This family has a retirement plan and/or assets.
- Gifts of Cash & Securities
- Life Insurance
- Gifts in Kind
- RRSP
- Bequests (Will Planning)
- Charitable Gift Annuity (65+)

Retired in your 70’s?
A retired family with a retirement income and/or assets.
- Gifts of Cash & Securities
- Gifts in Kind
- Life Insurance
- RRSP/RRIF
- Bequests (Will Planning)
- Charitable Gift Annuity
- Charitable Remainder Trust

I'd like to help... How does it work? What are my benefits?
Cash is the simplest method of gifting...write a cheque. The donor receives a current income tax deduction and possible estate tax savings.

Advantages:
• Involves little planning.
• Charity receives an immediate benefit.
• No costs are incurred to make the donation.
• No obligation to commit future time or resources.
• The donor receives a donation receipt resulting in a tax credit.

Drawbacks:
• May not be the most tax-advantaged way to give.
• May be more difficult for the donor to provide guidance as to how the money will be used.
• Cash gift lowers current income and savings that may affect the amount that the donors can afford to give.
Donation of appreciated stocks, bonds and securities. The receipt is issued for the fair market value.

Advantages:
- Can provide a simplified means of transferring property from the donor to the charity. The donor is not required to “cash in” or sell the security in question.
- The donor receives a donation receipt resulting in a tax credit.

Note on Publicly Traded Securities: Since May 2, 2006, the Income Tax Act has provided extra tax savings on capital gains for listed securities if they are transferred to a charity as a gift in kind. Usually 50% of a capital gain must be taken into income on the sale of listed securities, but if they are transferred directly to a charity, none of the capital gain is taken into income. This is especially valuable for a gift of securities that have risen in value since they were purchased. Publicly Traded Securities include mutual funds and segregated funds. There is no capital gain for the charity.
Donation of tangible property such as real estate, capital property, ecological property (land, covenants and easements), depreciable property, art, antiques, jewellery, etc. Gifts in kind require the charity to obtain an appraisal to determine the gift’s fair market value. The receipt is issued for the fair market value.

Advantages:
- Can provide a simplified means of transferring property from the donor to the charity (the donor is not required to “cash in” or sell the property in question).
- Note on Real Estate: The donor receives a tax receipt for the property’s value, without having to sell the property. The property can be transferred or sold to the charity.
- Note on Ecologically Sensitive Land & Certified Cultural Property: Special rules with significant tax advantages apply.

Drawbacks:
- Except in the case of publicly traded securities, the donor must pay tax on 50% of any capital gain realized in the year of disposition.
gifts of life insurance

The donor arranges with a charity to purchase a life insurance policy based on the donor’s life. The charity is the owner and the beneficiary of the contract. The donor then makes regular premium payments to the charity or to the life insurance company, keeping the policy “in force”. Upon the donor’s death, the proceeds of the policy pass directly to the charity. The donor also has the option of transferring an existing policy to a charity. In return, the donor receives a tax credit based on the cash surrender value.

Advantages:
• Can provide individuals with an affordable means to leave a very substantial gift to a charity.
• As the insurance contract is owned by the charity it is not considered part of the donor’s estate. There are no probate fees, no capital gains tax and no possible will challenge.
• Because the charity is both the owner and the beneficiary of the policy the donor is able to receive donation receipts for the premiums paid on the insurance contract during their lifetime.

Drawbacks:
• Once the ownership is transferred to the charity it cannot be revoked.
• Long-term commitment on the part of the donor – usually at least five to ten years of premiums are required.
Gifting the proceeds of a registered plan. This is usually structured to occur upon the death of the individual when the proceeds of the plan are paid out to the charity. The executor of the donor’s estate will receive a charitable receipt from the charity for the same amount. This amount can be used on the donor’s final tax return or carried back to the year prior to the year of death.

Advantages:
• The donor retains control over the assets until death.
• The funds in the plan are available to the individual for use, if needed, in his/her retirement years.
• The tax that always occurs at death with respect to RRSPs and RRIFs is offset by the charitable tax receipt.
A donor gives assets to a charity through a declaration in a will.

**Advantages:**
- Very flexible (capital does not have to be tied up and can be used as the donor sees fit; gift can be revoked by changing the will).
- Can take on many forms: real estate, proceeds from an insurance contract, cash, a defined percentage of an estate, etc.
- If instructed, the executor of the estate can choose to value the asset between its fair market value and its adjusted cost base with the potential to eliminate or reduce any capital gains realized on the disposition of the asset.

**Drawbacks:**
- The flexibility can cause a problem for the estate – without clear instructions the CRA may view the executor as having too much discretion and could conclude that the gift was made by the executor in the name of the donor’s estate (the bequest can then not be claimed as a donation on a deceased’s final tax return but would instead be claimed only by the estate; usually a much worse result).
- Surviving dependants could challenge the will in court if the will does not adequately provide for them.
- No tax savings provided to the donor during life.
- The donor will not witness the benefits the gift will provide.
charitable remainder trusts

The donor makes an irrevocable gift of property that is held in trust.

The property is held in trust until the donor’s death, at which point the property becomes the property of the charity. The donor establishes a charitable remainder trust by transferring property to a trust. The donor is considered to have disposed of the property upon transfer and may realize a capital gain or loss. The trust documents instruct the trustee to pay the income earned within the trust to the individual but requires that the property be transferred to a charity at some later date, usually upon the death of the donor. After death, the assets are passed on to the designated charity. Most beneficial for ages 70+.

Advantages:
• Can provide significant tax relief during the donor’s lifetime - because the charity becomes the rightful future owner of the gift, it can issue an official receipt for income tax purposes at the time the trust is established.
• A gift made to a private trust with a designated capital beneficiary does not become part of the donor’s estate.
• Can provide an additional source of income. Once assets are donated to the trust, any income generated can be paid back to the donor.
• Allows the donor to retain control and use of the assets within the trust.
• Assets held within the trust will not be subject to probate or estate administration fees.

Drawbacks:
• Trusts are commonly expensive to set up and maintain, and cannot be revoked.
• Income from the investments held within the trust is taxable in the donor’s hands until death. However, this must be weighed against the considerable benefit that the initial tax credit provides.
charitable gift annuity

The donor gives a lump sum donation to a charity with the understanding that the charity will provide an annuity with a fixed amount of income back to the donor over a specified term, or for life. The charity then uses the donation to purchase an annuity from an insurance company who makes the annual payment directly to the donor. The donor receives a tax receipt equal to the amount donated less the cost of the annuity and is taxed on the interest portion of each annuity payment received. The difference between the cost of purchasing the annuity and the amount of the original donation is set aside for the charity’s immediate needs. Most beneficial ages 65+.

Advantages:
• Provides the donor with a guaranteed level of income for a set number of years, or for life (a great feature for donors who may be concerned about out-living their capital). Often the income is superior to that provided by GICs or similar investments.
• Provides an immediate gift to the charity.
• An immediate donation is received when the capital given to the charity is greater than the cost of the annuity.
• With an annuity, there is no need to pay for ongoing investment management services or administration fees.
• Allows the donor to give during their lifetime rather than postponing the gift until after death.
• Only a portion of each annuity payment is taxable in the hands of the donor. For donors over age 65 there is usually a significant tax savings. Depending on the the donor’s age at the time the annuity is purchased there may be, in fact, no taxable portion of the annuity.

Drawback: Once established, a charitable annuity is irrevocable.
# Example of an Insured Charitable Annuity

**Participants:** Mr. Smith (age 69) and Mrs. Smith (age 68)

## Current Situation

<table>
<thead>
<tr>
<th>Investment:</th>
<th>$100,000 GIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current rate:</td>
<td>3%</td>
</tr>
<tr>
<td>Tax rate:</td>
<td>30%</td>
</tr>
</tbody>
</table>

## GIC Income:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current income</td>
<td>$3,000</td>
</tr>
<tr>
<td>Taxable portion</td>
<td>$3,000</td>
</tr>
<tr>
<td>Less tax payable</td>
<td>$900</td>
</tr>
<tr>
<td>Less insurance premium</td>
<td>$0</td>
</tr>
<tr>
<td>After tax income:</td>
<td>$2,100</td>
</tr>
</tbody>
</table>

## Gift:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift to LCS</td>
<td>$0</td>
</tr>
<tr>
<td>Donation credit</td>
<td>$0</td>
</tr>
<tr>
<td>Tax savings</td>
<td>$0</td>
</tr>
</tbody>
</table>

## Estate:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross amount to estate</td>
<td>$100,000</td>
</tr>
<tr>
<td>Less probate fees at 1.4%</td>
<td>$1,400</td>
</tr>
<tr>
<td>Less admin &amp; surrender</td>
<td>$2,000</td>
</tr>
<tr>
<td>Net amount to estate</td>
<td>$98,600</td>
</tr>
</tbody>
</table>

## Summary of Charitable Gift Annuity Advantage:

- **Income increased:** $672/yr
- **% Income increased:** 32%
- **Charitable gift increase:** $25,000
- **Tax savings on charitable gift:** $7,500
- **Estate Increase:** $3,400

## Charitable Gift Annuity Income:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Annuity income*</td>
<td>$5,146 ($75,000 Annuity)</td>
</tr>
<tr>
<td>(Taxable portion**</td>
<td>$1,523</td>
</tr>
<tr>
<td>Less tax payable</td>
<td>$457</td>
</tr>
<tr>
<td>Less insurance premium</td>
<td>$1,917 ($100,000 Policy)</td>
</tr>
<tr>
<td>After tax income:</td>
<td>$2,772 ($672 increase/yr)</td>
</tr>
</tbody>
</table>

## Gift:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gift to LCS</td>
<td>$25,000 ($25,000 immediate gift)</td>
</tr>
<tr>
<td>Donation credit</td>
<td>$25,000</td>
</tr>
<tr>
<td>Tax savings</td>
<td>$7,500</td>
</tr>
</tbody>
</table>

## Estate:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Gross amount to estate</td>
<td>$100,000</td>
</tr>
<tr>
<td>Less probate fees at 1.4%</td>
<td>$0</td>
</tr>
<tr>
<td>Less admin &amp; surrender</td>
<td>$0</td>
</tr>
<tr>
<td>Net amount to estate</td>
<td>$100,000 (Estate increase $3,400)</td>
</tr>
</tbody>
</table>

*Annuity income based partially on current annuity interest rates.

**Taxable portion is lower due to return of capital calculation.
Help grow the LCS Foundation to ensure the affordability of Christian education for generations to come!

For more information or to schedule a visit to discuss the planned giving opportunities available to you through the Foundation, please call or email the LCS Development Office.

Langley Christian School
Business & Development Office
22930 48th Ave
Langley BC V2Z 2T7
P: 604.533.2118
f: 604.994.0154
e: development@langleychristian.com

www.langleychristian.com