

Life Insurance Annuities: Gift & Income Strategies

Case Study

Robert and Shelly, both 78, have accumulated considerable assets during their lifetime. They are conservative investors who do not enjoy the volatility that exists in equity markets. They have a desire to ensure that their annual income stream is consistent and remains at least equal to its present state.

Robert and Shelly maintain a sizable GIC position (about \$2 Million) within their overall investment portfolio. The rate of interest being earned each year is about 4.5%, producing \$45,552 of after-tax income (assuming 46.41% tax rate). Neither Robert nor Shelly will require the underlying capital during their lifetime.

Robert and Shelly are also interested in making a meaningful charitable gift to their Family Foundation account at Canada Gives. In order to make a tax effective current gift, they choose an Annuity giving program that provides income, protects capital and allows for a current gift. An option that enables Robert and Shelly to achieve all of their goals.

\$200,000 of GIC capital is donated to their Canada Gives Foundation Account as a current gift, with an immediate tax receipt generated. The remaining capital and donation tax credit are directed to a unique guaranteed investment that will return \$2 million to Robert and Shelly's estate when the last survivor passes away. This investment will provide Robert and Shelly with annual guaranteed, lifetime after-tax income of \$95,264 – An annual improvement of \$49,712/year, even after their generous gift.

Financial Summary

	GIC Approach	"Give" and "Receive" Program
Initial Donor Capital	\$ 2,000,000	\$ 2,000,000
Current Donation	\$ 0	\$ 200,000
Annual After Tax Income	\$ 45,552	\$ 95,264
Positive Impact on Annual Income	NIL	\$ 49,712
Capital Received By Estate	\$ 2,000,000	\$ 2,000,000

The Basics

- Unique opportunities for you through your Canada Gives Account to make an immediate charitable gift and benefit from current tax relief.
- Obtain an enhanced guaranteed income stream for the remainder of your life.
- In the future, the value of your initial capital will be returned to your estate or to your Foundation account at Canada Gives.
- An opportunity to give and actually "improve" (depending on the donor) the annual income stream that is generated from the capital that is utilized in the gifting process.

To arrange your consultation contact,
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Canada Gives is a registered charity and operates as an independent public foundation.

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