

INCOME TAX CREDITS FOR DONATIONS

An individual obtains an income tax credit for donations made to the Church. For tax credit purposes, donations are ordinarily limited to 75% of the donor's net income.

The income tax credits reduce one's Federal and Provincial income tax. The tax credits for Ontario residents vary between approximately 21% and 24% for combined donations to \$200 and 40% to 46% on donations in excess of \$200. **Thus, the income tax credits can be at a higher rate than the donor's marginal income tax rate.**

Assuming the \$200 donation level has been made, the approximate net cost of donations to the Church for Ontario residents is as follows when one takes into account the available income tax credits:

Donation	\$500.	\$1,000.	\$2,500.	\$5,000.	\$10,000.
Approximate tax credits	230.	460.	1,150.	2,300.	4,600.
Net cost to the donor	\$270.	\$ 540.	\$1,350.	\$2,700.	\$ 5,400.

When a donation creates a capital gain in the donor's hands, the income tax credits more than offset the tax on the capital gain since only one-half of the gain is taxable at the donor's marginal income tax rate. The donation for income tax credit purposes is for the value of the gift including the full gain. While the income tax credits cannot reduce the income tax to a negative amount, donations can be carried forward for a five year period.

Note that the foregoing is based on present income tax laws (December 2006).

Prior to making a gift, we recommend that donors receive independent professional advice concerning the possible financial, taxation and legal consequences of doing so.

Please contact the following to obtain more information about the Planned Giving Program:

At the parish:
**your pastor, or
the parish coordinator for the Planned Giving Program**

At the Archdiocese:
**Development Office, Tel: 613-738-5025
or info@ecclesia-ottawa.org**

A Planned Giving Program for Catholics

*...in thanks for the gift of faith
...a gift for the future of faith*



The Catholic Church of Ottawa, through its parishes and diocesan ministries, has a tremendous impact on the lives of people in our community. It plays an extremely important part in our spiritual development as well as in our social, educational and youth activities. Facing today's challenges, the Church is transforming the old mould and creating a new one in order to be more active, more evangelistic, and more attractive and open to all – a true centre of our community.

To fulfill its important role in the community, the Catholic Church of Ottawa requires financial support, both today and in the future. By supporting our Planned Giving Program, you can ensure that the active works of the Catholic Church in our region continue and grow both for today's needs as well as those of our children and grandchildren.

WHAT IS PLANNED GIVING? Planned Giving is not a specific campaign but an ongoing method of providing funds with emphasis on building long term relationships with future and existing donors. The program uses specific gift giving vehicles.

WHY A PLANNED GIVING PROGRAM? While planned giving - such as bequests to the Church - is not a new concept, a more complete, variable and visible program is necessary. Planned giving is becoming a frequent and significant part of the estate planning process.

Furthermore, the Catholic Church of Ottawa has financial obligations... **at the parish level:** the rising cost of repairs and upkeep of aging buildings, expansion or construction of new churches, hiring of proper staff to carry out pastoral activities such as youth ministry and sacramental preparation... **at the diocesan level:** the John Paul II Residence (for retired priests), the Priests' Pension and Compensation Funds, the various ministries of formation and coordination such as Lay Formation, Youth, Family, Permanent Diaconate, Pastoral Care, etc.

WHAT ARE THE VARIOUS OPTIONS AVAILABLE? The following options, which cover present and deferred donations, are being introduced.

1. Cash donation
2. Gifts in kind
3. Publicly listed securities
4. Bequests
5. Life Insurance
6. Registered Plans
7. Charitable Remainder Trust
8. Residual Interest Trust

Please consult the following pages for more details about each option in order to assess which one might better suit your needs. These options should be reviewed while noting the generous Federal and Provincial income tax provisions that exist to significantly lower the donor's income tax; a significant way to maximize the value of your donation.

A PLANNED GIVING PROGRAM FOR CATHOLICS

...in thanks for the gift of faith

...a gift for the future of faith

GIFT METHOD	BENEFIT TO THE DONOR	BENEFIT TO THE CHURCH
Cash An outright monetary donation of: • Cash • Cheque • Credit cards, etc.	<ul style="list-style-type: none"> • Donation receipt for the total gift • Receipt can be used for tax credit purposes in year of gift 	<ul style="list-style-type: none"> • It has the immediate source of funds • Funds to finance current works
Gifts In Kind An immediate gift of: • Real Estate • Art • Investments • Antiques	<ul style="list-style-type: none"> • Immediate donation receipt • Receipt for full market value of asset. (There could be a capital gain subject to tax) 	<ul style="list-style-type: none"> • Asset can be retained or sold to generate funds • Asset / funds to assist current needs
Listed Securities New tax laws exempt the tax on any capital gain • Share, debt obligation, or right listed on a prescribed stock exchange • Share of a mutual fund corporation • Unit of a mutual fund trust • Prescribed debt obligations	<ul style="list-style-type: none"> • Immediate donation receipt for full value of the security • No tax on any capital gain 	<ul style="list-style-type: none"> • Asset can be retained or sold to generate funds • Funds to finance current works
Bequests A specific asset or part or all of one's estate; ordinarily by one's will • Cash • Securities • Art • RRSP/RRIF • Insurance • Percentage of estate residue	<ul style="list-style-type: none"> • Donation receipt which can be used in year of death and previous taxation year • Individual retains control of asset 	<ul style="list-style-type: none"> • Provides assets / funds at a later date
Life Insurance a) The church as owner and beneficiary of the policy • Any life insurance policy • New or existing policy b) The church as the beneficiary, but not the owner of the policy • Any life insurance policy • New or existing policy	a) Immediate donation receipt equal to value when donated • Annual donation receipt for premiums paid by donor • Can be a large donation for lesser cost b) Donation receipt for capital amount in year of death • Ordinarily a donation receipt for a substantial amount • Receipt can be used in year of death and previous year for tax credit purposes • Donor has control of the policy	a) Access to any cash value • Capital on death of insured • Church has control of the policy • Substantial gift amount at death of donor b) Capital on death of insured • Substantial gift amount at death of donor
RRSP / RRIF Part or all of a RRSP or RRIF – balance could be left to the church as beneficiary or by one's will. This could also be done during a donor's lifetime in whole or in part. • RRSP accumulations • RRIF accumulations	<ul style="list-style-type: none"> • Donation receipt to offset tax on distribution of funds • Control of the assets until the donation is made 	<ul style="list-style-type: none"> • Access to funds on death of donor • Possible receipt of funds prior to donor's death
Charitable Remainder Trust The donor continues to receive the income from the property for life or a specified period and the church receives the remaining capital. • Cash • Securities • Real Estate	<ul style="list-style-type: none"> • Immediate donation receipt for present value of residual interest • Income to donor for lifetime or specified number of years • Capital not subject to probate • Reduce income tax now, yet have continued source of revenue 	<ul style="list-style-type: none"> • The church receives a residual interest in the capital • The donation is irrevocable
Residual Interest Trust The donor donates property now but continues to use the property • Real Estate • Art • Antiques	<ul style="list-style-type: none"> • Continued use/enjoyment of the property for life or a specified number of years • Donation receipt now for present value of the future gift • Reduce income tax now yet have continued use 	<ul style="list-style-type: none"> • The church receives the property in the future • The donation is irrevocable

EXAMPLES								
Assumptions A. Based on Ontario resident donor. B. The lower tax credit rate on the first \$200 of annual donations is covered by other donations. C. Federal and Ontario income tax credits based on 46% rate. D. Tax on capital gains calculated at highest marginal income tax rate.								
Donation of \$5,000 cash <table> <tr> <td>Donation</td> <td>\$5,000</td> </tr> <tr> <td>Federal & Ontario tax credits</td> <td>\$2,300</td> </tr> <tr> <td>Net cost of donation</td> <td>\$2,700</td> </tr> </table>	Donation	\$5,000	Federal & Ontario tax credits	\$2,300	Net cost of donation	\$2,700		
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Federal & Ontario tax credits	\$2,300							
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Donation of property with a \$10,000 value and a cost of \$6,000 resulting in a \$4,000 capital gain <table> <tr> <td>Donation</td> <td>\$10,000</td> </tr> <tr> <td>Federal & Ontario tax credits (46% X 10,000)</td> <td>\$ 4,600</td> </tr> <tr> <td>Tax on capital gain (46% X 4,000 X 1/2)</td> <td>\$ 920</td> </tr> <tr> <td>Net income tax reduction</td> <td>\$ 3,680</td> </tr> </table> NOTE: There would be \$920 of tax payable on the disposal irrespective of the donation	Donation	\$10,000	Federal & Ontario tax credits (46% X 10,000)	\$ 4,600	Tax on capital gain (46% X 4,000 X 1/2)	\$ 920	Net income tax reduction	\$ 3,680
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Tax on capital gain (46% X 4,000 X 1/2)	\$ 920							
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Donation of public company shares with a value of \$20,000 and a cost base of \$12,000; resulting in a \$8,000 capital gain <table> <tr> <td>Donation</td> <td>\$20,000</td> </tr> <tr> <td>Federal & Ontario tax credits (46% X 20,000)</td> <td>\$ 9,200</td> </tr> <tr> <td>Tax on \$8,000 capital gain</td> <td>\$ 0</td> </tr> <tr> <td>Net income tax reduction</td> <td>\$ 9,200</td> </tr> </table> NOTE: The tax otherwise payable on a sale would be \$1,840	Donation	\$20,000	Federal & Ontario tax credits (46% X 20,000)	\$ 9,200	Tax on \$8,000 capital gain	\$ 0	Net income tax reduction	\$ 9,200
Donation	\$20,000							
Federal & Ontario tax credits (46% X 20,000)	\$ 9,200							
Tax on \$8,000 capital gain	\$ 0							
Net income tax reduction	\$ 9,200							
A new life insurance policy is taken out. The church is the owner and beneficiary. The insured pays the \$1,600 annual premium <table> <tr> <td>Annual premium cost (donation receipt)</td> <td>\$1,600</td> </tr> <tr> <td>Federal & Ontario tax credits (46% X 1,600)</td> <td>\$ 736</td> </tr> <tr> <td>Net cost of premium to donor</td> <td>\$ 864</td> </tr> </table> NOTE: If it were an existing policy with a \$10,000 value (cash surrender value), there would also be a donation in the year of transfer for the value	Annual premium cost (donation receipt)	\$1,600	Federal & Ontario tax credits (46% X 1,600)	\$ 736	Net cost of premium to donor	\$ 864		
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Federal & Ontario tax credits (46% X 1,600)	\$ 736							
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The church is the beneficiary, but not the owner of a \$200,000 life insurance policy <table> <tr> <td>Proceeds on death of insured</td> <td>\$200,000</td> </tr> <tr> <td>Federal & Ontario tax credits – can be in year of death and previous taxation year (46% X 200,000)</td> <td>\$ 92,000</td> </tr> <tr> <td>Income tax reduction</td> <td>\$ 92,000</td> </tr> </table>	Proceeds on death of insured	\$200,000	Federal & Ontario tax credits – can be in year of death and previous taxation year (46% X 200,000)	\$ 92,000	Income tax reduction	\$ 92,000		
Proceeds on death of insured	\$200,000							
Federal & Ontario tax credits – can be in year of death and previous taxation year (46% X 200,000)	\$ 92,000							
Income tax reduction	\$ 92,000							
The church is made the beneficiary of a RRIF with a value of \$150,000 <table> <tr> <td>Donation of RRIF</td> <td>\$150,000</td> </tr> <tr> <td>Income tax to donor (46% X 150,000)</td> <td>\$ 69,000</td> </tr> <tr> <td>Federal & Ontario tax credits (46% X 150,000)</td> <td>\$ 69,000</td> </tr> <tr> <td>Net income tax</td> <td>\$ 0</td> </tr> </table>	Donation of RRIF	\$150,000	Income tax to donor (46% X 150,000)	\$ 69,000	Federal & Ontario tax credits (46% X 150,000)	\$ 69,000	Net income tax	\$ 0
Donation of RRIF	\$150,000							
Income tax to donor (46% X 150,000)	\$ 69,000							
Federal & Ontario tax credits (46% X 150,000)	\$ 69,000							
Net income tax	\$ 0							
A donor wishes to leave a \$200,000 investment portfolio to the church, but secure the income on the capital for five years. There is no capital gain on the \$200,000. The present value of the \$200,000 in five years is \$164,000. <table> <tr> <td>Donation based on present value</td> <td>\$164,000</td> </tr> <tr> <td>Immediate Federal & Ontario tax credits (46% X 164,000)</td> <td>\$ 75,440</td> </tr> </table> NOTE: Excess donations can be carried forward for five years	Donation based on present value	\$164,000	Immediate Federal & Ontario tax credits (46% X 164,000)	\$ 75,440				
Donation based on present value	\$164,000							
Immediate Federal & Ontario tax credits (46% X 164,000)	\$ 75,440							