

## Private Giving Foundation



A simple, effective way  
to support the causes  
that matter to you



Charitable giving is about creating opportunities — for individuals and for causes you believe in.

The Private Giving Foundation is also about creating opportunities. As an independent public charity dedicated to encouraging charitable giving in Canada, we have created a structure that provides you with the opportunity to build a legacy of helping others.

Simply provide a contribution of \$10,000 or more and a Private Giving Foundation donor-advised account will be created in your name. Then recommend the charities that are to receive grants from your account. We take care of everything else.

The Private Giving Foundation — an innovative, simple and effective way to support the causes that matter to you.

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# Introduction

Canadians are generous people. In 2011, \$8.5 billion in charitable donations were made by Canadians according to Statistics Canada. For many of us, giving is an important part of life — a responsibility we willingly accept in order to help others and build a better society.

We give in many ways — by attending charity events, by sponsoring someone in a run or read-a-thon, by volunteering our time, through places of worship and office campaigns, in response to a mail request or directly to a door-to-door canvasser.



## A strategic approach

While all these methods help support good causes, many people want to take a more strategic and organized approach to making a difference. They want a time- and tax-effective way to achieve their personal charitable goals.

That's why TD created the Private Giving Foundation — the first program of its kind introduced by a Canadian financial institution — that enables you to establish an endowment that operates in much the same way as a private foundation but without many of the associated expenses or administrative duties and with a much lower minimum contribution.

The Private Giving Foundation is a solution if you are looking for a way to plan your giving more effectively, create a lasting legacy to support worthy charitable causes and realize significant tax advantages.

## **A simple, effective way to give**

**Open an account.** Simply open a donor-advised account with an irrevocable contribution of \$10,000 or more to the Private Giving Foundation. Typically, your gift will be held by the Private Giving Foundation in your donor-advised account as an endowment. You can contribute cash or securities and you will receive a charitable tax receipt. Additional contributions of \$1,000 or more can be made at any time.

**Choose your charity.** Choose the registered Canadian public charity or charities that you wish the Foundation to support annually. You can change your recommended charity or charities and the amounts to be granted at any time.

**Make grants.** Each year, the Private Giving Foundation will make grants from your donor-advised account. The grants will be made to charities chosen on the basis of your recommendations.

**Receive statements and receipts.** You will receive quarterly statements detailing your contributions, grants and the market value of your donor-advised account. A charitable tax receipt will be issued each February for the sum of all contributions made in the previous year.



# The benefits of giving through the Private Giving Foundation

## **Simplify your giving**

You can reduce time spent on administrative tasks associated with charitable giving and make all your donations through a single source. TD will track all your contributions and grant recommendations and provide you with detailed, quarterly statements and an annual official donation receipt.

## **Establish a legacy of giving**

Your Private Giving Foundation donor-advised account can continue to generate grants forever, establishing a lasting legacy of charitable giving in accordance with your wishes. Alternatively, you may name a successor to take over your advisory role in the event of your death or incapacity. Gifts from your donor-advised account can continue for future generations.

## **Eliminate year-end pressure to select charities to support**

You can donate to the Private Giving Foundation now and decide at a later date which charities you would like to support. There's no need to rush to meet the December 31 deadline. Your charitable donation will be invested while you decide which charitable organizations to recommend as grant recipients. Donate now and decide later.

## **Recognize your loved ones**

You can name your donor-advised account in any way you wish — in honour of your family, a departed loved one or a special cause. Grants can be made in the name of your donor-advised account or anonymously.

## **Give more as your contributions grow**

The contributions you make are invested and can grow tax-free, allowing the Private Giving Foundation to give more to the charities you wish to support.

## **Receive excellent value**

The Private Giving Foundation's low, all-inclusive administration fee is allocated to your donor-advised account based on the balance and is detailed in the Private Giving Foundation Program Guide (available online at [tdwealth.ca/privategiving](https://tdwealth.ca/privategiving)). In addition, all contributions are invested in the TD Balanced Income Fund or the TD Monthly Income Fund at a reduced annual Management Expense Ratio (MER) of 1%. These low costs mean that more assets stay in the Private Giving Foundation, available for gifting to charities.

## Defer giving to meet your needs

Your donor-advised account can also be used as part of your estate plan. For example, you may designate the Private Giving Foundation as the beneficiary of a bequest of cash, securities, your RSP or RIF, TFSA, a life insurance policy or a charitable remainder trust, which may result in considerable tax relief.

## Realize immediate tax benefits

Because they are irrevocable charitable gifts, your contributions to the Private Giving Foundation may result in tax credits in the year when they are made, or they may be carried forward for credit in future years.

The tax credit for charitable donations may fund up to 45% of your donation (combined federal and provincial for donations over \$200), depending on your province of residence.

The calculation below shows the potential tax savings for donations in excess of \$200.

How much tax could you save?	
Donation	\$10,000
Federal and provincial credits	\$4,500
Total tax savings as a % of gift	45%

For illustrative purposes only

## Eliminate capital gains tax

You can donate qualified securities directly to the Private Giving Foundation, realize their full value as a charitable donation and eliminate all capital gains on the disposition of these securities. If you were to sell such appreciated securities yourself and donate the proceeds of the sale to charity, you would also realize their full value as a charitable donation, but you would be taxed on 50% of any gain (see example on Page 7).

This valuable benefit also applies if you donate shares of a public company you have acquired with employee stock options. You are not taxed on any of the employment benefit if:

- The shares acquired, or proceeds of disposition of shares acquired, are donated in the year and within 30 days of the employee stock options being exercised
- The shares are ordinary common shares
- The price you paid was no less than the fair market value of the shares when the option was issued
- You donate the shares to a registered charity such as the Private Giving Foundation

## Convenient, cost-efficient and tax-effective

Giving through the Private Giving Foundation is a cost-efficient and convenient alternative to establishing a private foundation. A private foundation requires a significant initial contribution, legal fees to set up, regular board meetings, annual accounting fees and considerable administration. Opening a donor-advised account provides you with virtually the same benefits, but it is very simple and convenient to operate with a low initial contribution, no set-up fees and no ongoing administration on your part.

In addition, if you donate qualified securities (publicly traded stocks, bonds, mutual funds and segregated funds) to the Private Giving Foundation, there is no capital gains tax on any gains from the disposition of these securities and you will receive a charitable tax receipt for their market value at the time of donation.

In the example below, you would reduce your taxes by an additional \$18,000 by donating the securities directly to the Private Giving Foundation rather than selling them and donating the proceeds.

	Sell securities and donate proceeds to charity	Contribute securities to the Private Giving Foundation
1. Market value	\$100,000	\$100,000
2. Cost of securities when purchased	\$20,000	\$20,000
3. Capital gain (1) – (2)	\$80,000	\$80,000
4. Taxable gain (3) x 50% or 0%	\$40,000	\$0
5. Tax on gain (at 45%)	\$18,000	\$0
6. Capital gains tax savings	\$0	\$18,000
7. Tax credit (at 45%)	\$45,000	\$45,000
8. Capital gains tax savings and tax credit (6) + (7)	\$45,000	\$63,000

For illustrative purposes only

# How to maximize your charitable tax credit

Our federal and provincial governments encourage charitable giving by providing a number of tax incentives for individuals. These incentives can fund as much as 45% of your donation.

Some key tax tips are outlined below, but please remember that your charitable giving, especially large gifts, should be part of your overall financial plan, and the guidance of your tax and financial advisors is strongly recommended.

**Pool tax receipts.** To maximize your donation tax credit, you can pool your donation receipts with your spouse's and report them on one spouse's tax return. In most cases, the higher-income spouse should claim the credit.



**Consider corporate donations.** If you make a corporate donation, your company may claim a tax deduction, not a tax credit. The value of this tax deduction depends on the company's effective tax rate. Donating securities held in your corporation also qualifies for the elimination of capital gains tax. This type of donation also has the potential to provide the benefit of allowing for tax-free withdrawals from your corporation.

**Carry forward large donations.** Each year, you can claim a tax credit for donations up to 75% of the net income reported on your federal tax return, but you don't lose your tax break if you exceed that limit. The excess can be carried forward for up to five years, still subject to the 75% limit in each year claimed.

# How to begin

## Opening your account

Simply complete the Donor-Advised Account Application Form provided to you or download one at [tdwealth.ca/privategiving](https://tdwealth.ca/privategiving).

It will give you the opportunity to:

- Open a donor-advised account on your own or jointly
- Choose a name for your Private Giving Foundation account (e.g., The G. Raymond Fund, The Raymond Family Foundation, The Downtown Arts Fund or The Learning Project)
- Set up recurring or one-time grant recommendations
- Name a successor for your donor-advised account, who will become responsible for making grant recommendations in the event of your death or incapacity

## Making contributions

Once your donor-advised account is opened, you simply make your initial contribution of \$10,000 or more. You can contribute cash and/or qualified securities such as publicly traded stocks, bonds, mutual funds and segregated funds. After that, additional contributions of \$1,000 or more can be made at any time and, as with your initial contribution, a charitable tax receipt will be provided annually. You can fund your donor-advised account by cheque or wire transfer, transferring cash and/or securities from an account at TD Wealth or another financial institution or depositing physical securities certificates.

Each contribution to the Private Giving Foundation will typically be held by the Foundation as an endowment for a period of not less than 10 years. During the endowment period, the Foundation will, in accordance with its disbursement policy, advise you what amount in your donor-advised account will be used to make charitable grants. Once the endowment period ends, you can recommend that the balance of your donor-advised account relating to that gift be paid out to charities proposed by you, or it can continue to be invested to be used to make grants and maintain your legacy.

## Recommending grants

You can recommend which charities are to receive grants on your Account Application. You can choose to have the grants made anonymously or in the name you have selected for your account.

Any public charity registered with Canada Revenue Agency (CRA) is eligible to receive a Private Giving Foundation grant. To help ensure that the charities you wish to support qualify and grants to those charities can be approved by the Private Giving Foundation board, please review the guidelines in the Program Guide before making your grant recommendations.



You may set up your donor-advised account recommendations as “recurring,” which means that the same charities will receive the same percentages of grant recommendations each year unless notification to change the grant recommendations is received by the Private Giving Foundation. Alternatively, if your recommendations are set up as “one time,” new grant recommendations must be provided annually.



Contributions to the Private Giving Foundation are invested in a special class of the TD Balanced Income Fund and/or the TD Monthly Income Fund.

TD Asset Management Inc. (TDAM) is one of the largest mutual fund managers in Canada and is known for its disciplined and methodical approach to investing, disciplined portfolio construction and risk management approach.

The TD Balanced Income Fund is managed by TDAM. The fund's investment objective is to seek to provide income and moderate capital growth by investing primarily in fixed income and equity securities of issuers in Canada.

The TD Monthly Income Fund is managed by TDAM. The fund's investment objective is to seek to provide a consistent level of monthly income, with capital appreciation as a secondary objective, by investing primarily in income producing securities.

For additional information on these funds, please visit [tdwealth.ca/privategiving](https://tdwealth.ca/privategiving). Units of the "C" series<sup>1</sup> of the TD Balanced Income Fund and the TD Monthly Income Fund are available for purchase only by the Private Giving Foundation.

# Build your own giving plan

Like many people, you may feel overwhelmed by the number of charitable appeals you receive and the heart-wrenching problems depicted in the media.

In reality, you can't, and aren't expected to, help every cause you come across. Some of the most effective donors, with the greatest impact, develop a philanthropic plan and devote their money and their energy to a few specific causes that are important to them. The selected charities benefit from having a steady and engaged donor, and the donor benefits from a greater sense of involvement and satisfaction.

It's not unlike developing an investment plan. You need to understand your goals and objectives and then research your options to determine what is right for you.

## **Our six-step planning model**

If you haven't already decided on which causes to support, the following steps can help. Our six-step planning model makes it easier for anyone who plans to make a difference.



The Private Giving Foundation simplifies the act of giving, but it is by no means your only choice. If you plan to implement your charitable giving plan through alternative resources, you can still use the following six-step method to organize your effort and help to ensure that any opportunities to maximize the impact of your legacy aren't overlooked.

## 1. Identify your values

Make a list of the values that you use to conduct yourself in your daily life with family, friends and business associates.

Ask yourself:

- What values are most important to me?
- What are the issues, interests or causes that I care about most or that have had the most impact on my life?
- How do I want to be remembered?

Write down your top three personal values from this list

Access	Equality	Integrity	Responsibility
Community	Excellence	Justice	Service
Compassion	Family	Knowledge	Stability
Creativity	Freedom	Leadership	Other_____
Democracy	Generosity	Opportunity	
Dignity	Healing	Peace	
Diversity	Innovation	Respect	

## 2. Identify your causes

Review your list of values. Does one of the causes below fit more obviously with your list than any others?

Ask yourself:

- Does this cause easily address the values that I listed in Step 1?
- Have I lost someone important to me to a disease?

Write down your top two causes from the following list

Animals	Disability rights	Health	Sports
Anti-racism	Domestic violence	Homelessness	Women's rights
Arts and culture	Drug and alcohol abuse	Immigrant services	Youth development
Children	Education	Literacy	Other_____
Community activities	Employment training	Poverty	
Cultural heritage	Environment	Religion	
Dignity in dying		Seniors	

### 3. Identify your geographic focus

Decide whether you want to allocate your funds on a local, provincial, national or global level.

Here is an illustration that shows someone who has chosen Education as the cause, with the focus being Literacy.

<b>Cause:</b> Education	<b>Focus:</b> Literacy
<b>National Charity:</b> A charity that recruits and trains volunteers as tutors for children, teens and adults and is active in every province	
<b>Local Charities:</b> Libraries, reading circles for high-risk children, homework clubs for teens in danger of dropping out of school, language programs to help make recent immigrants job ready	

### 4. Research your options

You have now identified your values and the causes and regions to which you want to allocate your funds.

If you are not aware of a charity that reflects these criteria, some brief research should help. Here is a list of some of the websites where you can look up various charities for the causes that you have chosen.

<b><u><a href="http://charityvillage.com">charityvillage.com</a></u></b> Select an area of interest under "Organizations" and Charity Village will provide you with a list of links to related charities.
<b><u><a href="http://donorsguide.ca">donorsguide.ca</a></u></b> The most recent Canadian Donor's Guide provides contact and basic information about more established and active charitable organizations across the country.
<b><u><a href="http://charityfocus.ca">charityfocus.ca</a></u></b> Charity Focus is the premier tool for finding information about registered charities in Canada. You can search by specific organization or find charities in your community that are of interest to you.

## 5. Evaluate your choices

Now that you have discovered a charity (or charities) that fits your criteria, make sure that it is worthy of your support. Request a copy of the charity's annual report, list of board members and latest financial statements. This information should provide you with a clear idea of the type of programs the charity operates, how and where these programs are carried out, who governs the charity, how much of your money will be spent on programs and how much is spent on fundraising and administrative costs.

## 6. Designate your donations

As you research potential charities, you may discover interesting programs that you want to support directly. If you wish to donate to specific programs, check with your selected charities to ensure that they can accept designated funds and will follow through on your wishes.



Community Foundations are another way to give if you are interested in supporting your local community. You can donate to Community Foundations in cities, towns and rural areas across Canada.

A Community Foundation is a philanthropic organization focused on building permanent endowments in order to tackle long-term community challenges and meet immediate needs. Visit [cfc-fcc.ca](http://cfc-fcc.ca) for more information. To find foundations in your area, click on "About Community Foundations" then "Find a Community Foundation" and select your region.

Plan your giving more effectively, create a lasting legacy for charities you wish to support and realize significant tax advantages.

Open your donor-advised account with the Private Giving Foundation — offered exclusively through TD Wealth.

Please read the Program Guide at [tdwealth.ca/privategiving](https://tdwealth.ca/privategiving) for policies, guidelines and other important information pertaining to the Private Giving Foundation and donor-advised accounts.

To find out more about how this program can help you reach your charitable giving goals, please contact your representative or visit [tdwealth.ca/privategiving](https://tdwealth.ca/privategiving)

<sup>1</sup> Effective February 12, 2015, TD Monthly Income Fund D-Series and TD Balanced Income Fund D-Series, available to the Private Giving Foundation, were renamed TD Monthly Income Fund C-Series and TD Balanced Income Fund C-Series.

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