

Boomers Set To Change the Face of Charities, Says TD Economics Report

- **Charitable services will strain under pressure of aging population**
- **Retiring boomers will provide large, highly skilled volunteer pool**
- **New breed of 'social entrepreneur' emerging**
- **Immigrants will make up larger share of users, volunteers and donors**

Toronto, November 22, 2006– The baby boomer generation's entrance to retirement will change the face of philanthropy in Canada, according to a TD Economics report, *Greying of Canada's Population Has Far-reaching Implications for Charities*, released today and available at www.td.com/economics.

In 2030, the average age in Canada will be 45 years. Canadians 65 years of age and older will make up almost a quarter of the population, nearly double their share today. Health services spending, which was around 10.4% of the total economy in 2005, will also double and could be close to one-fifth of the total economy by 2030.

Since health care services are consumed to the greatest degree in the late stages of life, this will place enormous pressure on social services targeting older people. Government funding will increase but it is unlikely to meet all of the needs of health care charities, creating increased demand for private and corporate donations. As more attention is paid to funding health services, charities outside this sector will be forced to campaign hard to attract and maintain non-government funding.

"There's a bright side to this demographic story," says Craig Alexander, Vice President and Deputy Chief Economist, TD Bank Financial Group, who authored the report. "Boomers are living longer, healthier lives, and represent a tremendous wealth of skills. As many seek new challenges and opportunities to give back to society, their contribution of time and energy will help charities maintain service levels and transform into more efficient, business-like operations."

The influx of new volunteers will be a welcome boost to the charitable sector. In 2004, Statistics Canada's National Survey of Nonprofit and Voluntary Organizations found that recruiting and retaining skilled volunteers was one of the two top concerns, along with long-term funding, among Canada's roughly 79,000 charitable organizations.

The Social Entrepreneur

The nature of philanthropy itself will change dramatically. Recent high profile donations by billionaires may result in more of the ultra-rich following this lead. Even if a small proportion of the world's 793 billionaires do so, the impact will be substantial.

"Baby boomers are influenced by 'social entrepreneurs' like Bill Gates," says Jo-Anne Ryan, Vice President, Philanthropic Advisory Services, TD Waterhouse and Executive Director of the Private Giving Foundation. "As they enter retirement and turn more attention to the charitable sector, they'll want more accountability and control over how their donations are spent. This will be a positive development for charities as they are encouraged to adopt governance standards and practices from the business world".

Changes to tax legislation brought in by the federal budget of May 2006 will also have a large and growing impact on charitable giving. Donations of publicly-listed securities will be exempt from all capital gains taxation while still entitling donors to the tax credit for

charitable giving. In some instances, if the capital gains on an investment are sufficiently large, it may be possible for the tax credit to exceed the book value of the investment. This would mean that the individual runs a profit on the donation.

Given that Canadians hold about \$1.3 trillion in shares, and that almost half of that amount is capital gains, the potential impact of donations of stocks on charities is substantial as more baby boomers who have accumulated significant financial assets begin to understand the advantages of strategic philanthropy.

“The success of the Private Giving Foundation, which has grown to \$43.5 million in just two years, reflects this trend towards strategic giving,” continues Ryan. “The Foundation not only offers donors the opportunity to target returns from their investment towards causes that are important to them, we provide expert guidance that allows them to maximize their own tax benefits and make their charitable dollars work harder.”

New Canadians and Charities

The aging population also means that immigrants are becoming a larger part of Canadian society. Indeed, from 2022 onwards, it is estimated that all of Canada's population growth will be from immigration. The increasing diversity of Canada will have far-ranging implications for charities:

- Immigrants will make up a greater share of charitable services users.
- They will represent a larger part of the population, and many will not have access to social security benefits, at least initially.
- New immigrants tend to reside in major urban centres, such as Toronto and Vancouver, putting pressure on charities in these markets.
- As more immigrants become volunteers, charities will have to adapt marketing to attract them and ensure their skills and education are fully utilized.
- Immigrants will make up a growing share of donors.

With these forces at work, there will likely emerge a new generation of charities that are aligned to meet the specific needs of Canada's diverse cultural and language populations. Meanwhile, existing charities will likely change their services and practices to adjust to the greater diversity.

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