

**CASE STUDY: How to Make a Big Gift Today & Keep Tomorrow Safe**

**The “Give” & “Preserve”- Capital Replacement Program**

***Consider the Following Case:***

Sam and Sarah (both age 75 and non-smokers) would like to fund their Canada Gives Family Foundation account today so they can engage more deeply with their chosen charities and enjoy seeing the impact of their gifts. They have earmarked \$2,000,000 for their philanthropy but their children are concerned about the impact to the estate. Sam and Sarah would like to ensure that the \$2,000,000 gift today can be put back safely into their estate.

***The Solution: Replacing the Capital used for the Big Gift***

Sam and Sarah are considering a capital replacement program by using an insurance policy to replace the value of the large donation. Assuming standard rates, this new policy with a face value of \$2,000,000 might cost just over \$55,200/year, based on their joint lives. The tax savings generated from their charitable donation could be used to finance the annual premium requirements on the policy.

Sam and Sarah will save \$982,000 (Ontario rate) on income taxes as a result of making their charitable donation to their Canada Gives Foundation. Even without earning interest on the tax savings generated, the tax benefit from the donation could finance premiums for over 17 years (at least until the last survivor reaches Age 92).

*So, Sam and Sarah can do it all:  
Make a Big Gift Today & Put it Back in their Estate for Tomorrow.*

**Financial Summary**

<b>The Give</b>	
Donation to Canada Gives directed to Sam & Sarah’s Family Foundation	<b>\$ 2,000,000</b>
Tax Credit: (\$2,000,000 x 46.41% Ontario Rate)	<b>\$ 928,200</b>

Note: Tax benefit would be higher if donation was made with securities-in-kind

<b>The Preserve</b>	
Beneficial assets from Insurance Policy	<b>\$ 2,000,000</b>
Premium Payment:	<b>\$ 55,200/year</b>

Note: The tax benefit from their donation could fund the premiums for over 17 years

*\* Please note the example described herein is provided for illustrative purposes only and individuals should consult their own professional tax advisor.*