

## REGULAR OR OCCASIONAL GIFTS

Regular gifts may be made weekly (usually for religious organizations), monthly or annually at Christmas time or when the charity has an annual fund raising drive. The RCAF Memorial Foundation does not have an annual drive, so if choosing this option you may wish to choose to donate on a date that has special significance such as a birthday or the date one joined or retired from the Armed Forces.

Occasional gifts are usually one time donations, often for some specific project. The current fund raising by the RCAF Memorial Foundation are for the completion of the National Air Force Museum of Canada (NAFMC) expansion, and for current restoration projects which include rebuilding a Harvard and an Anson aircraft.

These kinds of gifts allow the NAFMC to use the funds immediately. Tax receipts will be issued in the current year.

## A LEGACY THROUGH A WILL

A legacy is set up by simply naming the RCAF Memorial Foundation as a beneficiary of the donor's estate in his/her will. It is one of the simplest forms of all planned giving options to arrange.

The bequest could be

1. a specific dollar amount
2. a percentage of the overall estate
3. a specific part of financial holdings (e.g. stocks, bonds) or
4. non-financial holdings (e.g. a vacation property)

One tax receipt for the full amount of the legacy can be applied against the final (posthumous) tax return and the previous year if room is available. Options 3 and 4 have the added advantage of allowing the estate to avoid paying tax on any capital gains involved.

## LIFE INSURANCE POLICY

An existing life insurance policy or a new one may be donated by transferring the ownership of the policy to the RCAF Memorial

Foundation. Once the policy is delivered, the RCAF Memorial Foundation becomes the owner and custodian of the policy with full rights to all benefits. You, the donor, will be responsible for paying the regular premiums to the insurance company.

An initial tax receipt is issued for the cash surrender value of the transferred policy, and annual tax receipts for the premium amounts donated in each calendar year.

## CHARITABLE REMAINDER TRUST

A trust is set up to pay the donor an income for his/her lifetime and the entrusted funds go to the RCAF Memorial Foundation upon death. The RCAF Memorial Foundation will issue an immediate discounted (as per actuarial calculations) tax receipt. Because the tax receipt is given at the start based on the life expectancy of the donor, this arrangement is *irrevocable*.

Example: A 70 year old male donor puts \$50,000 in the trust at 8.5% interest; it would pay him \$4,250 annually for life. The immediate

discounted tax receipt would be for approximately \$17,000 which he can claim over the next five tax returns.

There will be no probate and estate settlement fees on the trust monies upon the donor's death.

## INTEREST ONLY TO THE RCAF MEMORIAL FOUNDATION

The donor invests but instead of keeping, and therefore paying tax on, the interest, he/she donates it to the RCAF Memorial Foundation. This arrangement is very flexible, and is suitable for donors who do not need the capital, the interest or the tax liability at the present time. This option allows the donor to retain full control of the capital and of future interest earnings.

As per option **one**, a tax receipt will be issued for each year the interest is paid to the RCAF Memorial Foundation.

continued over ...

## **A PRESCRIBED ANNUITY**

This is an arrangement which guarantees to pay the annuitant a fixed income, both capital and interest, for the donor's lifetime. Once the donor has established what capital he/she will put in the annuity, the actual payout is dependent on the donor's age and sex, current interest rates and the terms of payment. By determining the size of the annuity and the amount of the donation to the RCAF Memorial Foundation, the donor can adjust the resulting income to meet his/her financial needs.

Whether to set up one large prescribed annuity or a smaller one with the balance as an immediate donation to the RCAF Memorial Foundation is a decision to be made on the advice of a tax accountant or other financial advisor.

## **TAKE YOUR TIME**

Financial decisions made in haste are often wrong decisions.

- Ensure you are completely comfortable with your decision
- Plan donations to receive the most advantageous tax credits
- Enter into irrevocable decisions with the full understanding of all the implications
- Seek third party advice from current advisors (lawyers, accountants, financial planners) who are familiar with your personal affairs
- Discuss the proposed gift with family members to ensure they are aware of, and support, your decision.

## **PLANNED GIVING TO**

## **THE RCAF MEMORIAL FOUNDATION**