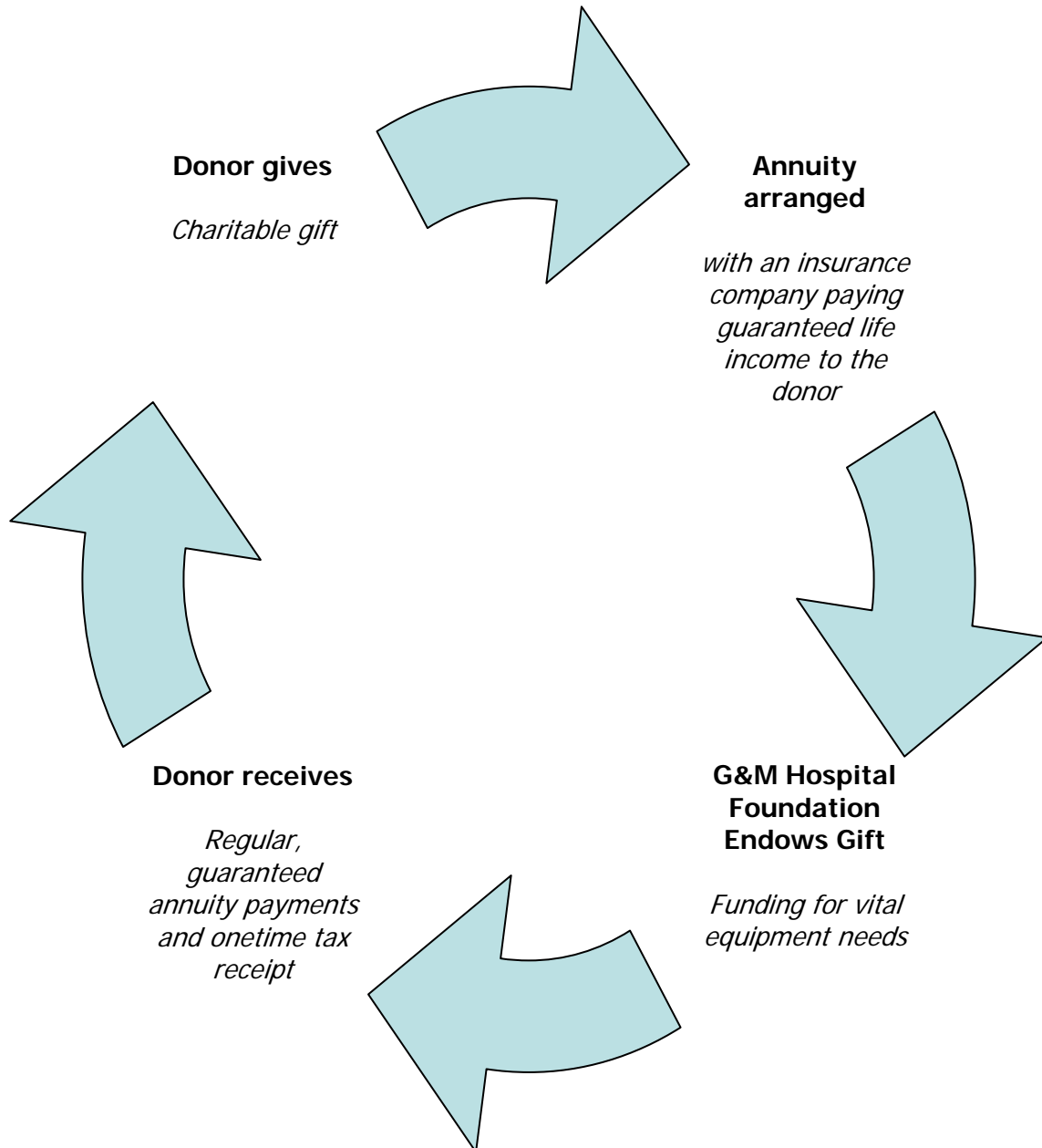


## Charitable Gift Annuities

**Gift Annuities are a more complicated planned gift and you should consult your professional advisors for your unique situation.**

A charitable gift annuity is a “gift that gives something back”. It's a way of making a gift to help local healthcare, and in return get back a guaranteed income for life that can be largely or entirely tax-free. Charitable gift annuities can be especially appealing to people aged 70 or over and who are more concerned about financial security than income growth.



## Advantages

- You may be eligible for a charitable tax receipt.
- A charitable gift annuity enables you to turn your taxable interest income into tax-free income.
- Guaranteed income that is safe and secure, without investment worries or management decisions.
- A charitable gift annuity offers an excellent alternative to GICs or bonds. You get the same income guarantee but with improved cash flow and reduced or eliminated tax on your income, providing peace of mind knowing that there will be a guaranteed, reliable source of tax-free income.
- A charitable gift annuity provides the satisfaction of seeing your gift working for local healthcare while you are still alive.

## How does it work?

You donate a sum of money to the Collingwood G&M Hospital Foundation. The CGMH Foundation receives a portion of the sum immediately (usually between 25% and 35%) to help fund our endowment programs. The balance is used to purchase an annuity (single or joint) from one of the highest rated insurance companies in Canada. From this annuity, you (and/or another named individual) receive regular, equal payments for life – guaranteed. A gift annuity is a simple contract between you and the Collingwood G&M Hospital Foundation in which you exchange cash or securities for a fixed income for life – for any person you choose

## Sample charitable gift annuities

There are many ways in which a charitable gift annuity could benefit you. Please consult your tax and financial advisors before deciding if this type of gift is appropriate for you. The impact of the annuity can be seen in the following illustration.

Bill is a retired widow, 77 years of age. Bill would like to make a sizeable donation to the Collingwood G&M Hospital Foundation. Bill wants to maintain or even increase his income as he has been experiencing low interest rates and some negative returns on his investment portfolio. He would have to give up some of the interest income this money produces for his retirement if he gave an outright gift now. Bill is not concerned with preserving the \$100,000 for his estate as he has a sizeable estate otherwise and his 4 adult children are all successful in their careers.

Bill is looking for the best option to make his gift to the G&M with the most favourable tax implications.

### Collingwood G&M Hospital Foundation

459 Hume Street, Collingwood On L9Y 1W9

705-444-8645 [www.cgmhf.com](http://www.cgmhf.com)

Bill called upon his financial planner, John, to see what options he has for his wishes. After a few meetings and much discussion John suggested a Charitable Gift *and* Life Annuity. The reasons for suggesting the Charitable Gift & Life Annuity is that it fits Bill's goals, which are as follows:

- Bill will give an immediate gift (\$25-\$35,000 of the original \$100,000) to the Collingwood G&M Hospital Foundation.
- Bill will receive a donation receipt to offset other taxable income.
- Bill will receive a significantly increased lifetime income.
- The annuity will make up a part of his fixed income portfolio to stabilize his annual income.
- The annual income is guaranteed and insured through one of Canada's major life insurance companies.
- Bill finds great satisfaction in realizing his gift during his life.

Bill, together with his financial planner John and a representative from the Collingwood G&M Hospital Foundation (CGMHF), structure Bill's Charitable Gift & Life Annuity to ensure his philanthropic wishes are realized in a tax smart manner.