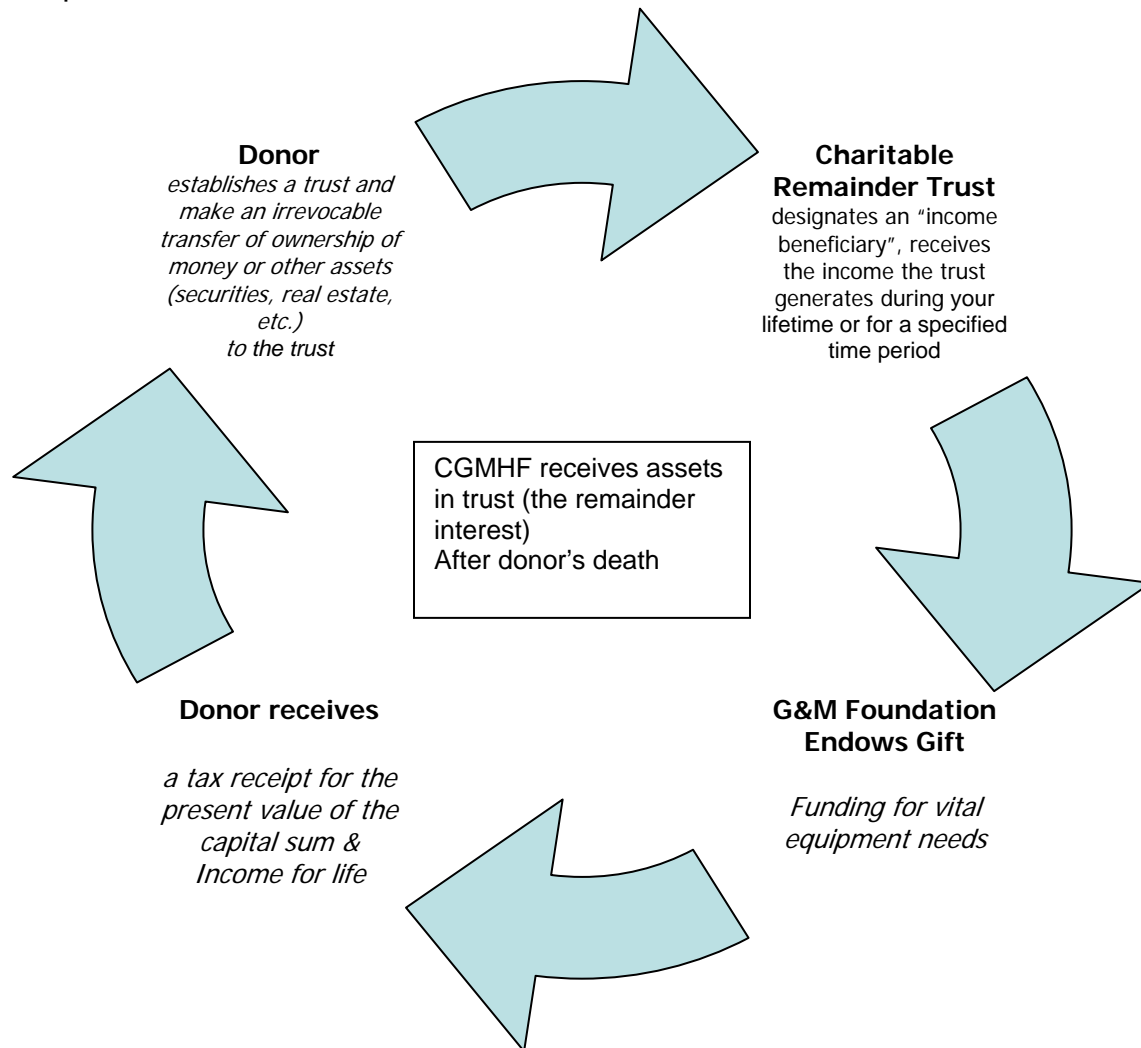


Charitable Remainder Trusts (Very popular in the USA, rare in Canada)

Charitable Remainder Trusts are a more complicated planned gift and you should consult your professional advisors for your unique situation.

A trust is a legal agreement that specifies how assets placed under the trust will be managed by an assigned trustee. A charitable remainder trust is an effective way to provide you with an income for life and know that after your lifetime, the property remaining in the trust will be used by the Collingwood G&M Hospital Foundation (CGMHF). This is a deferred gift, which means that the proceeds from a gift commitment made now will be realized by the Collingwood G&M Hospital Foundation sometime in the future.

Entering into a charitable remainder trust agreement with the Collingwood G&M Hospital Foundation simply means that you leave a capital donation to the Hospital while you are still alive. The trustee pays regular income to you and/or other beneficiaries you name from the trust for life or for a term of years. When the trust terminates, the trustee pays out the remaining trust assets to the Collingwood G&M Hospital Foundation.



Collingwood G&M Hospital Foundation

459 Hume Street, Collingwood On L9Y 1W9
705-444-8645 www.cgmhf.com

Advantages

- A charitable remainder trust allows you to make a guaranteed significant gift to the G&M Hospital, here and now.
- Know that you are making a major difference in helping to provide care.
- You will receive an income for life.
- A charitable remainder trust offers freedom from investment decisions.
- A charitable remainder trust ensures that your wishes will be carried out exactly as you have specified.
- A charitable remainder trust provides immediate tax benefits.

How do they work?

- You (the “settlor”) establish a trust and make an irrevocable transfer of ownership of money or other assets (securities, real estate, etc.) to the trust.
- Then you or someone you designate as “income beneficiary” receives the income the trust generates during your lifetime or for a specified time period.
- The donated capital remains in the trust and cannot be touched.
- You receive a tax receipt for the present value of the capital sum the Collingwood G&M Hospital Foundation will receive when the trust is terminated. This is based on your age when the trust is established and the amount of the capital sum.
- You and the Collingwood G&M Hospital Foundation can celebrate the generous legacy you are leaving to the community.

Establishing a charitable remainder trust requires the professional services of a lawyer, and possibly an accountant and/or a trust company, since a trustee is required to manage it. A minimum of \$100,000 is recommended to establish a charitable remainder trust. The favourable treatment given to charitable gifts of publicly listed securities does not apply to securities used to fund this trust.

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Sample Charitable Remainder Trust

Amount contributed	\$250,000
Net Annual income paid to Donor (@ 5%)	\$ 12,500 (may have trustee fees)
Present Value of Remainder Interest (based on life expectancy of 12.5 years and a discount rate of 4%)	\$153,117
Tax credit for gift of remainder interest	\$ 68,902
Summary: donor retains income, relieves himself of management responsibility, realizes tax savings of \$68,902, and assures that the gift will go to the charity.	

This is one of the more complicated gift planning options and a professional advisor is instrumental in this process.