



WOOD GUNDY

CORPORATE PHILANTHROPY

Giving back to the community is an important objective for many business owners and, with proper planning, your generosity can have an impact beyond your expectations. Not only can charitable giving help those in need and enhance your company's reputation, you can also benefit from the potential tax incentives offered by the federal government and minimize your taxes payable.

You can create a plan for charitable donations in the same way that you plan for your retirement and the transition of your business. By incorporating a charitable giving strategy into your business transition plan, you can support a favourite cause, reduce your taxes and ensure that all of your philanthropic goals are met.

Tax benefits of charitable giving

There are significant tax incentives in Canada designed to promote corporate philanthropy. Donations to a registered charity can be deducted from your company's taxable income, which may result in significant tax savings. Corporations can claim charitable gifts of up to 75 percent of net income annually and any unused donations can be carried forward for five years.

CIBC Wood Gundy giving back program

CIBC Wood Gundy Giving Back is a donor advised fund program that offers a charitable giving solution to meet your philanthropic goals. Donor advised funds are a popular charitable giving option due to their low costs and ease of administration. A donor advised fund can be an effective alternative to a private foundation, allowing you to create a legacy through your Fund without the initial set-up costs and ongoing annual administrative requirements that come with a private foundation.

With the CIBC Wood Gundy Giving Back program, you can set up a donor advised fund with an initial contribution of \$25,000 or more and receive immediate tax benefits on your donation. Your donation will be invested and professionally managed by your CIBC Wood Gundy Investment Advisor. Because investments grow tax-free within a donor advised fund, you'll have more funds to donate to charities over the course of several years.

Key benefits and features of CIBC Wood Gundy giving back program

- Build your own charitable giving strategy without having to establish a private foundation
- You can create a legacy by naming your Fund
- Decide which charities you want to receive grants from your Fund each year
- Choose how the assets are managed with the help of your CIBC Wood Gundy Investment Advisor
- You will receive a charitable tax receipt for the value of your contribution
- You can donate a variety of assets, including cash, stocks, bonds, mutual funds and life insurance policies
- Avoid paying tax on any capital gains for gifts of appreciated securities
- Assets will grow tax-free within your Fund
- Administration, legal, and accounting work is done on your behalf



Charitable giving strategies in your business transition plan

Contributing highly appreciated securities from holding company accounts

When a privately owned holding company makes a charitable gift of appreciated, publicly traded securities, the company will receive a tax deduction; taxes are not payable on any capital gains realized as a result of the donation. Moreover, the tax-free capital gains realized on the contributed assets are added to the company's Capital Dividend Account, enabling the shareholder to receive tax-free withdrawals from the company.

Using life insurance policies as part of your charitable giving strategy

The process and tax treatment of donated life insurance policies depends on whether a new policy or an existing policy is used to make the charitable donation.

If a new life insurance policy is established, it is normally set up within the donor advised fund and you will receive a charitable tax receipt for any premiums paid from the insurance policy. If you have an existing life insurance policy that you would like to donate, the value of your charitable tax receipt will be its fair market value, which must be determined by an actuary.

Where it is desirable that there be sufficient cash to pay for the capital gains on the holding company shares upon the death of the insured, it may be advantageous for the insurance policy to be owned by the holding company. Upon the payment of the tax-free death benefit to the holding company, a tax-free capital dividend is paid to the estate. This tax-free capital dividend can be used to make a charitable donation and the tax credit received from the donation will offset the capital gains liability.

As this is a complex strategy, it should only be considered with the advice of a professional tax consultant.

We're here to help

As a business owner, you can make a big difference through charitable giving in a way that makes sense for your company. Speak to your CIBC Wood Gundy Investment Advisor today about making philanthropy a part of your Business Transition Plan or to find out more about the CIBC Wood Gundy Giving Back program.