



Give More With Less
Leading Through Strategic Philanthropy

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About Nicola Wealth

\$12.7B

**In assets under
management**

99%

**Client
retention rate**

4/5

**New clients
are referrals**









We advise successful entrepreneurs, professionals, high net worth business owners, and their families



Canada vs The World

CAF WORLD GIVING INDEX FULL TABLE

10 year aggregate scores and ranking

Country	 Ranking	 Score	 Ranking	 Score	 Ranking	 Score	 Ranking	 Score
United States of America	1	58%	3	72%	11	61%	5	42%
Myanmar	2	58%	49	49%	1	81%	3	43%
New Zealand	3	57%	10	64%	9	65%	6	41%
Australia	4	56%	11	64%	8	68%	12	37%
Ireland	5	56%	16	62%	7	69%	10	38%
Canada	6	55%	9	64%	10	63%	11	37%
United Kingdom	7	54%	19	60%	2	71%	25	30%
Netherlands	8	53%	37	53%	5	71%	14	36%
Sri Lanka	9	51%	29	55%	19	50%	1	46%
Indonesia	10	50%	86	42%	6	69%	7	40%

Types of Gifting

- At the Door
- Planned Giving
- Strategic Philanthropy



At the Door

- Friends and family



Planned Giving

- Taxes Payable at Death (Manitoba)
- Registered Assets 50.4%
 - RRSP, RRIF, Pensions
- Capital Gains 25.2%
 - Shares, Real Estate, Business Equity
- Corporate Holdings
 - Retained Earnings, Shares, Real Estate, Cash
 - Possible three layers of tax
- Probate Eliminated 2020 (Secondary wills are still useful)



Tax-Free

- Principal Residence
- TFSAs
- Lottery Winnings
- Tax-Exempt Life Insurance

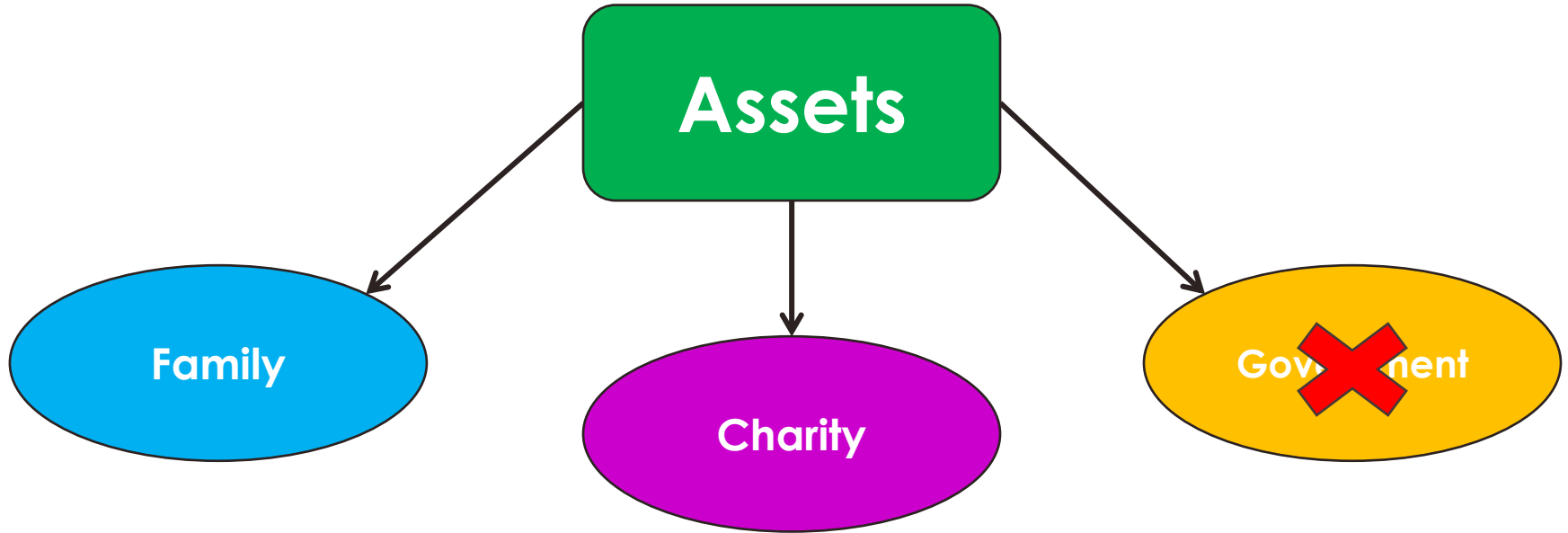


The Tax Grind

- Non-Registered Investment \$1,000,000 @ 4% invested for 25 years
- 0% Tax Environment: \$2,665,836
- 50.4% Tax Environment: \$1,634,184
- Cumulative Loss Due to Tax: \$1,031,652



Three Possible Beneficiaries



**You Must Pay
Taxes. But there's**

**no law that says you
gotta leave a tip.**

- Morgan Stanley

Three levels of tax on corporations

1. **Personal cap gain on disposition of shares of the corporation**

The corporation was setup with a value of \$1. The deemed value of the corporation's shares at the time of death is the fair market value of the corporate investments which will be taxed as a capital gain as the *shares are deemed to have been disposed*.

2. **Corporate tax on the sale of the corporate investments**

In order for the beneficiaries to receive their portion of the corporation's investments, these investments have to be sold. This disposition results in a taxable capital gain. This disposition also generates a refundable dividend tax on hand (RDTOH) and a capital dividend.

3. **Dividend tax on distribution of assets personal tax rate**

When their investments are sold and cash is distributed to their heirs, this distribution is a taxable dividend at the heirs' personal tax rate.

Gifting Options

- Will (Bequest)
- RRSP/RRIF
- Marketable Securities
- Life Insurance



Will (Bequest)

Change Will

- Leave fixed amount or % of estate to named favourite charities

Notify Financial Institution

- Include named favourite charities as beneficiary for some or all of RRSP/RRIF



RRSP/RRIF Tax Time Bomb

Government discriminates against singles, divorcees and widows

- At death, entire RRSP/RRIF taxed as income at 50.4% in Manitoba
- \$2 million = \$996,000 to heirs
- Wealthy people take RRIF minimums



Gift the RRIF

- Value of RRIF at age 71: \$2,000,000
- Mandatory year one withdrawal is \$106,000
- Approximate net income: \$52,000
- Use \$52,000 net income from RRIF to purchase \$1,200,000 Life Insurance Policy
- Beneficiary \$600,000 to Charity
- Beneficiary \$600,000 to Heirs
- \$600,000 Tax Receipt for Estate
- **Heirs net \$900,000 + net after tax balance of RRIF**



Gift Marketable Securities

- Client gifted \$50,000 cash annually
- Client now gifts \$50,000 in shares, cost base of \$10,000
- No capital gains tax = saved \$10,000 in tax
- Full tax receipt for \$50,000



Gift Life Insurance

1. Gift Existing Policy (including term life policies)

- Receipt for full Fair Market Value
- Charitable receipts for future premiums

2. Gift New Policy

- Annual premiums eligible for charitable tax receipts or
- Gift the insurance death benefit
 - Tax receipt issued for entire death benefit, offsets estate taxes.
 - Donor still has control over policy — e.g., can change the beneficiary

3. Donate death benefit through will or designate charity under the policy

- If through will, watch for dependant relief claims



Using CPP for Philanthropy

CPP Benefits: Taxed, invested, and re-taxed

- Use CPP to create a charitable gift of Life Insurance
- 65 year-old couple can get a \$1.4 million policy
- Meaningful windfall for family and charity

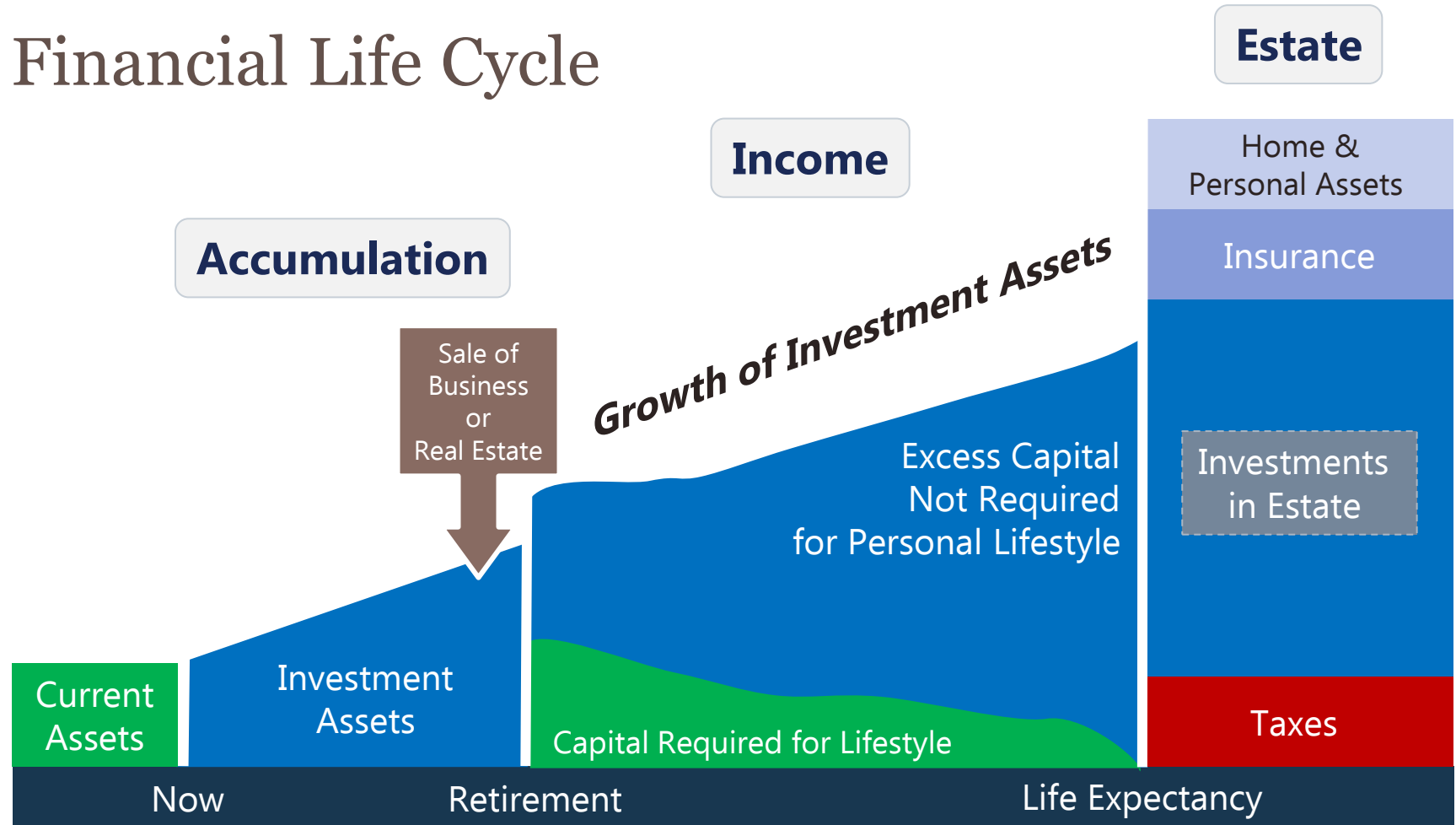


Strategic Philanthropy

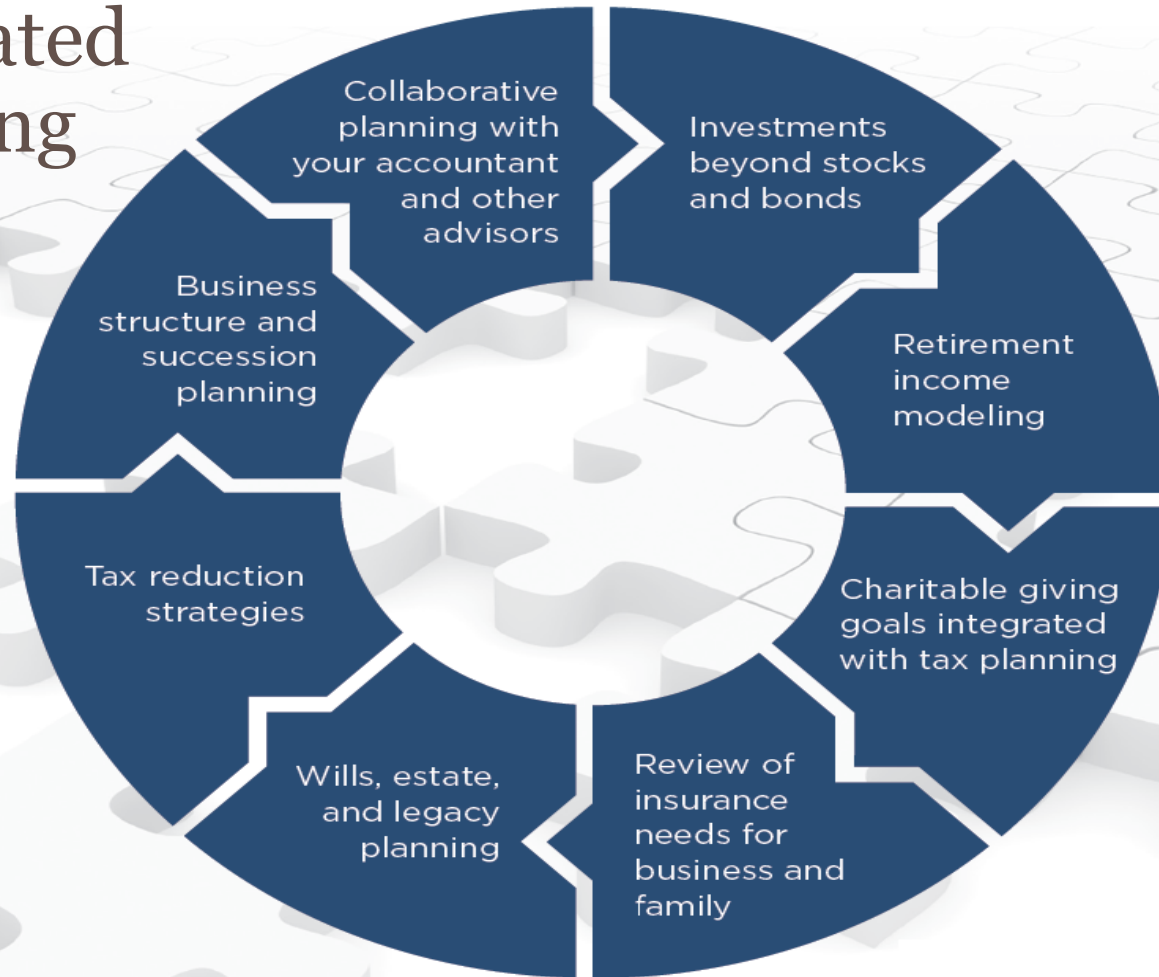
Incorporate philanthropy discussion at every meeting with your advisor.



Financial Life Cycle



Integrated Planning



Private Giving Foundation (PGF)

A Donor Advised Foundation

- Canadian registered charity (public foundation) that accepts donations, issues tax receipts, and makes grants to other Canadian registered charities
- Strategically maximize tax benefit of large contributions in a given year
- Grow your legacy, make donations during lean years, and continue giving in perpetuity



Private Giving Foundation (PGF)

A Donor Advised Foundation

- ✓ Donations can be made in cash or in kind (mutual funds, stocks, bonds, real estate, insurance policies, etc.)
- ✓ Under certain circumstances private company shares can be donated – this should be discussed with your advisor.
- ✓ There is no administrative cost to clients – Nicola bears the cost and administrative services to PGF



Giving^{with} Impact



Making a
\$100,000
donation that
costs less than
\$10,000



PearTree

Where finance meets philanthropy.

Ontario

PearTree Flow Through Donation

Ontario Individual Donor to Ontario Charity

Donor Cash Flow Summary - \$100,000 Donation - 9.95% Cost of Giving

Cash Paid for Flow Through Share Subscription	(\$422,024)
Cash Received on Sale of Shares - Net of Financial Services Fee	\$163,756
Net Cash Position immediately post-closing	(\$258,268)
Tax Savings in 2021	\$280,510
After-Tax Cash Flow Position in 2021	\$22,242
Tax Payable in 2022 on Federal Investment Tax Credit Inclusion	(\$32,192)
Net Out-of-Pocket (After-Tax Cost of Donation)	(\$9,950)
Charity Receives (Net of Fees):	\$100,000

Don't do any of this alone

- Complexity
- Fluidity
- Changing tax rates
- Expertise

**We don't have
to do it all alone.
We were never
meant to.**

BRENE BROWN

Thank You

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