



RBC DOMINION SECURITIES CHARITABLE GIFT PROGRAM

Client guide



WELCOME TO THE RBC DOMINION SECURITIES CHARITABLE GIFT PROGRAM

Thank you for choosing the RBC Dominion Securities Charitable Gift Program to help you create your charitable legacy.

This guidebook provides important information about the program, including:

- General features
- Opening an account
- Making contributions
- Account value
- Investment recommendations
- Grant recommendations
- Account successors and beneficiaries
- Income tax considerations
- Fees and expenses

If you have any questions about your Charitable Gift Program account, please contact your Investment Advisor.

GENERAL FEATURES

OVERVIEW

The RBC Dominion Securities Charitable Gift Program is designed to make it easy for you to support charitable causes important to you, while receiving significant tax advantages. With the Charitable Gift Program, you contribute to a fund administered by the Charitable Gift Funds Canada Foundation (CGFCF) and managed by RBC Dominion Securities. CGFCF is an independent, non-profit charitable organization registered as a public foundation with the Canada Revenue Agency

(CRA). Established in 2003, the Foundation specializes in the management and administration of charitable gift funds and is dedicated to helping you enhance and sustain your charitable giving to deserving organizations.

A CONVENIENT ALTERNATIVE

By contributing to a charitable gift fund, you enjoy the following benefits:

- A flexible way to give to charity – today and forever. You can make charitable contributions of cash or appreciated, publicly listed securities to a charitable gift fund today and recommend grants to the charitable organizations of your choice at any time thereafter, based on the amount of accumulated investment earnings available in the account.
- Immediate tax benefit eligibility. You receive an official donation receipt for the full fair market value (FMV) of your contribution. Gifts of qualifying securities may also be eligible for a capital gains exemption.
- Grant recommendation privileges. You can make recommendations to the Foundation on how grants are distributed to your favourite charities throughout your lifetime and, if desired, in perpetuity.
- Investment strategy recommendations. You can also recommend an investment strategy for your gift contributions to the Foundation's Board of Directors. The program presents a number of attractive investment strategies to choose from, all professionally managed by RBC Dominion Securities.
- Enhanced giving power over time. Any potential growth in assets realized within your charitable gift fund account accumulates tax free, enhancing your ability to recommend increasingly larger charitable grants in the future.

- **Enduring family legacy.** The Charitable Gift Program creates an enduring legacy fund that you can use with your family to build a perpetual plan for charitable giving by naming grant advisors and successors to the account.
- **Simplicity.** Enjoy simplified, comprehensive administration of your charitable gift planning over time. A single contribution to the Foundation can benefit multiple charities in perpetuity. Additional contributions can be made to a charitable gift fund at any time, producing a generous tax credit in the year of the gift.

OPENING AN ACCOUNT

Individuals, families and organizations can open an RBC Dominion Securities Charitable Gift Program account with the Foundation with an initial contribution of just \$25,000 or more. You can establish your account either individually or jointly with someone else (for example, your spouse).

This account allows you to:

- Make irrevocable contributions of cash, publicly traded securities or certain other assets
- Receive an official donation receipt for the full fair market value (FMV) of such donations, enjoying the resulting tax benefits
- Recommend grants to registered charities and other qualified donees to the Foundation

To open an account, simply complete the RBC Dominion Securities Charitable Gift Fund Application Form available from your Investment Advisor. Please return the completed, signed application form to your Investment Advisor.

NAMING YOUR ACCOUNT

You can name your account for use in correspondence and in publications. Your account name may be generic (The Fund for Emergency Care) or it could include a family name (The Davis Family Foundation). You may also want the name to reflect particular charitable interests – for example, The Chang Family Fund for the Environment, or The Robert Jones Endowment for the Arts. The choice is yours.

MAKING CONTRIBUTIONS

Your initial contribution can be \$25,000 or more, and you can make subsequent contributions of \$250 or more at any time. You can contribute Canadian or U.S. cash, publicly listed securities and other assets, like mutual funds. Contributions are irrevocable and unconditional.

CASH CONTRIBUTIONS

You can contribute cash in Canadian dollars by direct deposit, cheque or wire. Cheques should be made payable to The Charitable Gift Funds Canada Foundation and sent to the Foundation. Your account will be credited with the full value of your cash contribution.

PUBLICLY LISTED SECURITIES

Appreciated securities can be transferred “in kind” from your existing investment account to your foundation account. For contributions of appreciated, publicly listed securities, an official donation receipt will be issued for the fair market value (FMV) of the securities on the date they are received by the Foundation. If for any reason a contribution is not accepted, it will be returned to the account of origin.

Securities donated to the Foundation will be sold at the earliest practical date under prevailing market conditions.

THIRD-PARTY CONTRIBUTIONS

Other individuals and organizations can contribute to your charitable gift fund, subject to the \$250 minimum contribution. These third parties will receive an official donation receipt from the Foundation for their gift contributions.

DEFERRED CONTRIBUTIONS

Your charitable gift fund account can be named as the beneficiary of a charitable bequest, life insurance policy, qualified retirement plan (RRSP or RRIF), charitable remainder trust or a private foundation. The Charitable Gift Funds Canada Foundation should be identified as the recipient for all such deferred contributions and directed specifically in writing to your charitable gift fund account.

When setting up a deferred contribution, you should first consult with your tax, legal and investment advisors. To open an account with a deferred contribution, you should complete a RBC Dominion Securities Charitable Gift Program Application Form, name your account and choose grant advisors, account successors and/or a charitable beneficiary.

The Foundation will review and approve all contributions. You will receive a written confirmation once a contribution has been accepted. Please refer to the account form for further instructions on making contributions.

ACCOUNT VALUE

The value of your account is calculated as:

1.	The sum of your net contributions
Plus	
2.	Interest, dividends and other investment income, including capital gains distributions from underlying investment vehicles
Less	
3	Grant distributions and investment management and foundation expenses

INVESTMENT RECOMMENDATIONS

You can choose from a range of pre-approved investment options from RBC Dominion Securities in making your investment recommendations. From time to time, investment options may be added or removed from the approved list.

Please be advised that market fluctuations may cause the value of fund securities allocated to a charitable gift fund account to be worth more or less than their value when they were initially purchased by the Foundation.

GRANT RECOMMENDATIONS

You can recommend an unlimited number of grants annually from the investment earnings in your account. Each grant should be \$250 or more.

Early each year, you will receive a statement detailing the performance of your charitable gift fund and stating the amount required to be granted by the Foundation that year. You (or your grant advisors) can recommend grants to specific qualified charities by completing the Grant Recommendation Form available from your Investment Advisor.

Grants can be made to:

- Registered charities (other than private foundations)
- Registered Canadian amateur athletics associations
- Universities outside Canada that include students from Canada
- Charitable organizations outside Canada to which the federal government has made a gift in the current calendar year or the previous calendar year

If you recommend grants to multiple charities, indicate the suggested percentage to be allocated to each charity. Once approved by the Foundation, the recommended grants will be paid out of your account to the selected charities.

If you do not make your grant recommendations by December 1 of any year, the Foundation will disburse the amount that must be granted in that year based on your stated areas of interest or geographical preferences.

GRANT ADVISORS

You may appoint one or more advisors to the account, who can help recommend grants during your lifetime. A grant advisor is usually a spouse, child, relative or friend who you believe will recommend grants from your account consistent with your intentions.

GRANT NOTIFICATION

Grants are made with cheques bearing the name of the Charitable Gifts Funds Canada Foundation. A covering letter will accompany the cheque referencing the RBC Dominion Securities charitable gift fund account name and, if appropriate, your name and any commemorative message (e.g., memorial or tribute gift messages). If requested, you can request that a grant be made anonymously or be given in the name of another individual, or just the name of the fund.

You will receive an annual statement listing the grants made from your charitable gift fund during the preceding year.

RESTRICTIONS ON GRANTS

We are unable to approve grants to the following:

- Individuals
- Non-profit organizations not registered as charitable organizations with CRA
- Private foundations
- Political candidates or parties
- Any individuals or organizations in exchange for any private benefit such as membership dues or fees, tuition, or goods purchased at a charitable auction

In the event that grants are inadvertently approved for non-qualified individuals or organizations, such as those listed above, the grant may have to be returned.

SUCCESSORS AND BENEFICIARIES

You may appoint one or more fund successors to your charitable gift fund. A successor assumes responsibility for your account upon your passing or in the event of incapacity, including the ability to make additional contributions, recommend grants and appoint advisors and successors.

If your account is maintained jointly, upon the death of one donor-advisor, the surviving donor-advisor retains the rights to recommend grants and designate successors. Successors become effective only after the deaths or incapacity of all donor-advisors named on your account (e.g. both you and your spouse).

A successor must provide written notification and sufficient proof to the Foundation of the original donor's death or incapacity. They will then assume all the rights and duties of a donor-advisor, including the ability to recommend subsequent grants. If a successor is a minor, the minor's legal guardian is required to make grant recommendations.

In the event that there is no surviving donor-advisor or documented successor, the Foundation will continue to award grants to eligible charities from your account, consistent with the your original intent and stated areas of interest.

A charitable organization may be named as the account beneficiary if the donor prefers to have it receive all of the eligible distribution (as determined annually by the Foundation) upon the death of all original donors. In the event a recommended charity no longer exists, the Foundation's Board of Directors will award grants to a charity similar to the original charity identified, consistent with the donor's original intent.

HONOURING YOUR ORIGINAL INTENT

By identifying certain charitable organizations, areas of interest and/or geographic areas when opening your account, you help the Foundation honour your original intent when making charitable grants. For example, you can name The Salvation Army, cancer research or your local United Way. If for any reason the Foundation stops receiving grant recommendations from your account, it will make reasonable attempts to contact you or your named successors on record. If the Foundation cannot contact those parties, the Board of Directors will direct grants from the account consistent with your stated charitable preferences.

INCOME TAX CONSIDERATIONS

CHARITABLE TAX CREDITS AND DEDUCTIONS

Your contributions to the RBC Dominion Securities Charitable Gift Program can be claimed as donations for income tax purposes. Donations to the Foundation generally qualify for an individual

income tax credit or corporate tax deduction in the current tax year as a charitable gift made to a registered charity, subject to certain limitations.

GIFTS OF CASH

You are generally entitled to an official donation receipt for the full amount of your cash contributions.

GIFTS OF PUBLICLY LISTED SECURITIES

You will receive an official donation receipt for the full fair market value of the donated securities as of the date the securities are received by the Foundation.

ESTATE GIFTS

Bequests made by Will to the Foundation may be subject to probate. Please consult with your legal and tax advisors regarding the best ways to include the RBC Dominion Securities Charitable Gift Program in your overall estate plan.

CONTRIBUTION LIMITS

For individuals, the maximum amount of charitable contributions that can be claimed for credit in any one year is 75% of net income (100% in the year of death and the year immediately preceding death). Unused contributions can be carried forward for up to five years beyond the year of the gift, subject to the 75% limit in each year claimed.

ACCOUNT INCOME AND GRANTS

You are not subject to any taxes on income or capital gains from the investments in your charitable gift fund account. When the Foundation makes a grant from your account, the Foundation is considered to be making a grant from its own assets for tax purposes. You cannot claim an additional donation credit or deduction for these grants at any time.

FEES AND EXPENSES

CHARITABLE ADMINISTRATION FEE

Each charitable gift fund account will be allocated an annual administrative fee of up to 0.75% of the account's assets to pay for the Foundation's operating expenses. This fee is subject to reductions for accounts with assets above \$ 2.5 million, as set out below.

Average daily account balance	Fee schedule (per annum)
Up to \$2,500,000	0.75 %
\$2,500,001 to \$5,000,000	0.65 %
\$5,000,0001 and up	Determined on a case-by-case basis

The above fee structure is subject to change.

INVESTMENT EXPENSES

RBC Dominion Securities ("RBC DS") will receive an account fee for the services it provides in connection with a charitable gift fund account. This annualized account fee will be 2.75% or less, depending on the amount of assets in the charitable gift fund account and the type of investment account.

Additional fees may be payable by any mutual fund held in a charitable gift fund account to the manager of the mutual fund. The management expense ratios for the mutual funds available under the Charitable Gift Program range between 2.75% and .75%.

A description of all fees associated with a mutual fund are set out in the mutual fund's prospectus, which is available by contacting the applicable mutual fund company or on the internet at: www.sedar.com. Mutual fund prospectus' are also available upon request from RBC DS by contacting your Investment Advisor.

Please contact your Investment Advisor for more information.

Thank you for supporting charitable causes through the RBC Dominion Securities Charitable Gift Program. If you have any questions about the program, please contact your Investment Advisor.



This publication is not intended as nor does it constitute tax or legal advice. Readers should consult their own lawyer, accountant or other professional advisor when planning to implement a strategy.

RBC Dominion Securities Inc. and Royal Bank of Canada are separate corporate entities which are affiliated. *Member CIPF. ® Registered trademark of Royal Bank of Canada. Used under licence. RBC Dominion Securities is a registered trademark of Royal Bank of Canada. Used under licence. © Copyright 2006. All rights reserved.*