RBC Dominion Securities Inc.

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As most of you know by now, I'm a big advocate of financial planning. As they say: "fail to plan - plan to fail". Every investor should have (at least) some concrete idea of what the long-term fruits of their investment-program labours will be. Even if you are quite certain that the "is it enough?" question will be answered in the affirmative, there is nothing like having the cold, hard numbers on a piece of paper to put your mind completely at rest.

Once you are past the "is it enough?" exercise, my experience over the years has been that a lot of interesting issues drop out of the planning process – especially if there is excess capital left over. A good problem to be have, of course – and for most investors the solution is "family comes first". Once our own finances are taken care of, children, grandchildren, etc. get looked after next. But what if there is still a surplus? For many high-net-worth investors, the next consideration is charitable giving.

A complete overview of charitable giving is beyond this short commentary, but I'd like to make a few general observations. First of all, if you are in a position to consider directing some of your wealth to your favorite charitable causes, when would those organizations prefer to receive the money? Most investors typically make large charitable donations via a bequest in their wills – but that could be 10, 20 or 30 years down the road. Could your favorite charity make use of the funds now?

Second, as you well know, making charitable donations is a tax-advantaged exercise. Could YOU benefit more from making charitable donations today than sometime in the future?

Third, if you have sufficient assets to consider a more significant gift to charity, chances are that you have non-registered (taxable) assets. Do any of those assets have large accumulated capital gains? One of the wonderful tax benefits of charitable giving is the ability to eliminate capital gains taxes on securities donated "in kind" to a registered charity. This is a little more complicated than simply writing a cheque – but not much! (and far more effective than selling securities, paying tax on the gains and then donating the resulting cash).

Finally, do you have a variety of charitable causes that you regularly support? Would there be advantages to you to be able to regularly and consistently support those causes through your lifetime and even beyond? You may be interested to know that it is now quite simple to set up your own endowment program through what is known as a Charitable Gift Fund (and the amounts required are quite modest). With these structures, a lump-sum donation is made into a trust (either during your lifetime or by bequest) and the fund distributes a regular stream of donations to the charities of your choice. If you would like more information on making charitable giving a part of your financial plans, feel free to contact me.

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There's Wealth in Our Approach.™