



Wealth
Management



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The RBC Charitable Gift Program

An introduction and program guide

The RBC Charitable Gift Program is designed to make it easy to support charitable causes that are important to you, while potentially receiving significant tax advantages.



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RBC Wealth Management has partnered with Charitable Gift Funds Canada Foundation (Gift Funds Canada) to offer clients a solution to include charitable giving as part of their financial plans. Through the RBC Charitable Gift Program, you contribute to an individual charitable gift fund, which you can name. This charitable gift fund is managed by your RBC advisor and administered by Gift Funds Canada, which is an independent, non-profit charitable organization registered as a public foundation with the Canada Revenue Agency (CRA). Established in 2003, Gift Funds Canada specializes in the management and administration of charitable gift funds and is dedicated to helping you enhance and sustain your charitable giving to the qualified donee charities¹ of your choice.

The RBC Charitable Gift Program

Within the RBC Charitable Gift Program, each individual fund has extensive features, including:

- Grant advisory rights.
- A range of investment options within a balanced portfolio approach for gift capital.
- The ability to accept a wide variety of gifts (including complex gifts-in-kind).
- Grant cheques issued on demand.
- No annual disbursement requirements.²

1 Under the Income Tax Act, qualified donees are organizations that can issue official donation receipts for gifts they receive from individuals and corporations.
2 As long as Gift Funds Canada meets its annual foundation disbursement quota as stated by CRA, individual funds will have the flexibility to grant or not to grant from their named charitable gift fund annually.





The RBC Charitable Gift Program allows donors to make grant recommendations and additional contributions based on timelines that suit their charitable objectives.

RBC Charitable Gift Fund

The RBC Charitable Gift Fund³ is a flexible-style fund with unlimited grant-making privileges. It is designed to satisfy short-, medium- or long-term philanthropic objectives by using personalized investment solutions within a balanced approach for the individual fund you have named. This fund can be created with a minimum initial irrevocable contribution of \$25,000.

Roles in the program

Founding donor

Each fund may have one or more founding donors and may have one or more grant advisors and/or fund successors. The founding donor establishes the fund, and has specific advisory rights to:

- Name the fund, and, if desired, the fund successors and grant advisors.
- Work with their RBC advisor to recommend investment options within a balanced approach for the fund's gift capital that reflect their philanthropic giving objectives.

- Recommend grants to the qualified charitable donees of their choice.
- Change the fund name, appointments or recommendations during their lifetime, consistent with regulatory and Gift Funds Canada's policies.

Fund successor

Fund successors assume the advisory rights on the fund upon the specific direction, or death, of the founding donor(s). At this point, they have the right to:

- Rename the fund.
- Name their own fund successors and/or grant advisors, if desired.
- Recommend grants to qualified charitable donees.
- Recommend that the assets of the original fund be split amongst multiple successors' funds (existing or new), as long as the program minimums are met.
- Change the fund name, appointments or recommendations during their lifetime, consistent with regulatory and Gift Funds Canada's policies.



³ Making a charitable gift to an RBC Charitable Gift Fund is an irrevocable transfer of property. Be sure to speak with a qualified tax, legal and/or financial professional regarding how it will impact your specific situation.

To help maintain the original intent of the fund, if no fund successors are named, Gift Funds Canada will assume the role by default and make grants based on the grant-making pattern established during the founding donor's lifetime. If no grants were made or no written legacy intentions were received during the donor's life, then Gift Funds Canada will seek input into areas of interest from those who knew the donor or from researching published sources (e.g., obituary).

Grant advisor

Grant advisors make grant recommendations during the donors' lifetimes. The grant advisor's role ends with the death of the founding donors or fund successor who appointed them.

Making contributions

Minimum initial irrevocable contributions begin at \$25,000 for the RBC Charitable Gift Program. All donations are an irrevocable transfer of property to Gift Funds Canada. Any subsequent contributions must be \$250 or more to receive a standard donation tax receipt and thank-you letter. Smaller contributions are acceptable and may be made using online options, and/or several contributions can be collected as a batch and processed collectively. Once an individual fund named by the founding donor(s) has



been established, contributions to the fund are accepted at Gift Funds Canada's discretion, consistent with its current policies and procedures. All fund contributions are irrevocable and become the property of Gift Funds Canada.

Gift Funds Canada accepts a wide variety of assets to establish or make additional contributions to a fund, including:

- **Cash:** You can make Canadian-dollar contributions by cheque or wire transfer. Cheques should be made payable to the Charitable Gift Funds Canada Foundation, and 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 individual charitable gift fund.
- **Other in-kind gifts:** Gift Funds Canada has a gift acceptance policy that allows it to consider

a wide range of gifts-in-kind (including mutual fund units, bonds, private shares, options, real estate, thinly traded shares, existing and new life insurance policies, and other asset types). They can accept these as long as there is a practical liquidation plan in place to monetize the contributed assets, or a customized solution that satisfies both the philanthropic objectives of the donor and Gift Funds Canada's policies and procedures. If a donor chooses to contribute a life insurance policy during their lifetime by transferring ownership to Gift Funds Canada, they will receive donation receipts for: the policy's fair market value (FMV), if applicable; and, any premium payments made during their lifetime either directly to the insurance company or through Gift Funds Canada, once Gift Funds Canada owns the policy. All of these gifts are considered on a case-by-case basis; please contact us to discuss the particularities of your potential gift.

The RBC Charitable Gift Program is designed to make it easy to support the causes that are important to you.



Donations to the Foundation may qualify for an individual income tax credit or corporate tax deduction for the year in which the gift is made.



- **Third-party contributions:** Other individuals and organizations can contribute to your named charitable gift fund.
- **Deferred contributions:** Your charitable gift fund can be named as the beneficiary of a charitable bequest, 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 of all such deferred contributions, and specifically directed in writing to your individual charitable gift fund. To open an account with a deferred contribution, you must complete a beneficiary gift agreement form, name your fund, and if desired, choose a fund successor(s) and recommend grant recipient(s). When setting up a deferred contribution, you should first consult with your qualified tax, legal and RBC advisor.

Donation receipts and valuation of contributions

Gift Funds Canada will issue and send donation tax receipts for all individual and corporate gifts valued at \$250 or more. At its discretion, Gift Funds Canada may agree

to issue electronic or hard-copy receipts for contributions under \$250, on a case-by-case basis.

Donations to your named charitable gift fund may qualify for an individual income tax credit or corporate tax deduction for the year in which the gift is made. There is no limit to the amount you can donate in a year. However, for tax purposes, you can generally only claim a charitable donation of up to 75% of your net income in a taxation year. The limit is 100% of your net taxable income for Quebec. Unclaimed donations may be carried forward (but not backward) for up to five years beyond the year of the donation, subject to the 75% limit in each year claimed. This limit is also raised to 100% of net income in the year of death and the preceding year.

Valuation of a Charitable Gift Fund (CGF)

At any time, the value of the fund you have named is the sum of all contributions plus investment income (including realized/unrealized capital gains, losses, interests and dividends), less fund expenses and grants made. A fund activity report showing the value and activity of each fund is produced quarterly, with the fourth-quarter report being a year-end activity report, all of which are sent to the primary contact on each fund, as well as to the fund's RBC advisor.



Grant-making

Grant recommendations to qualified charitable donees may be recommended by you as the founding donor(s)/grant advisor(s) or by the fund successor(s) when they become active. Requests must be made in writing (by email or by completing a grant recommendation form) and can be made at any time. Grants are issued within 10 business days of receipt by the Gift Funds Canada office, barring any issues related to the request, recipient, purpose or very high volume of grants being processed. While there is no requirement to make grants in any given year,⁴ you are welcome to recommend an unlimited number as long as the funds are available and each individual grant is \$250 or more.

Restrictions on grants

Gift Funds Canada is unable to approve grants to individuals or organizations not qualified by CRA (not a qualified donee) or where some personal benefit will result.

Grant correspondence

Grants are made by cheques that bear the name of Gift Funds Canada

and are mailed to recipients. A covering letter containing information provided on the grant recommendation form will accompany each cheque. The typical letter includes the amount and purpose of the grant; wording for the recipient to use to publicly recognize the grant; and, the address of the donor, grant advisor or fund successor. Partial or full anonymity, or a unique customized letter, may also be requested on the form.⁵

Grant reporting

Individual fund activity reports are issued quarterly with the fourth-quarter report being an annual activity report. Grants disbursed during the previous quarter are reported to donor(s) on these quarterly fund activity reports. All grants made in the year are listed on the year-end fund report.

Fund successors

You may appoint one or more fund successor(s) to your RBC Charitable Gift Fund. If your account has more than one founding donor, upon the death of one of the founding donors, the surviving founding donor(s)

retains the rights to recommend grants and designate fund successors. Fund successors become effective only after the deaths of all the founding donors named on your account (for example, both you and your spouse). A fund successor must provide written notification and sufficient proof to Gift Funds Canada of the original donor's death. The successor will then assume all the rights and duties of a founding donor, including the ability to recommend subsequent grants.

In the event that there is no surviving founding donor or documented successor, the Board of Directors of Gift Funds Canada will make grant recommendations, which will take into account your previous granting and areas of interest.

An unlimited number of grants of \$250 or more can be made to qualified grant recipients.



⁴ As long as Gift Funds Canada meets its annual foundation disbursement quota as stated by CRA, individual funds will have the flexibility to grant or not to grant from their named charitable gift fund annually.

⁵ Partial anonymity means that the grant recipient is asked to not publicly acknowledge/recognize the grant. Full anonymity means that Gift Funds Canada will not share with a grant recipient any information about the donor(s), ensuring that the risk of public acknowledgement is eliminated.

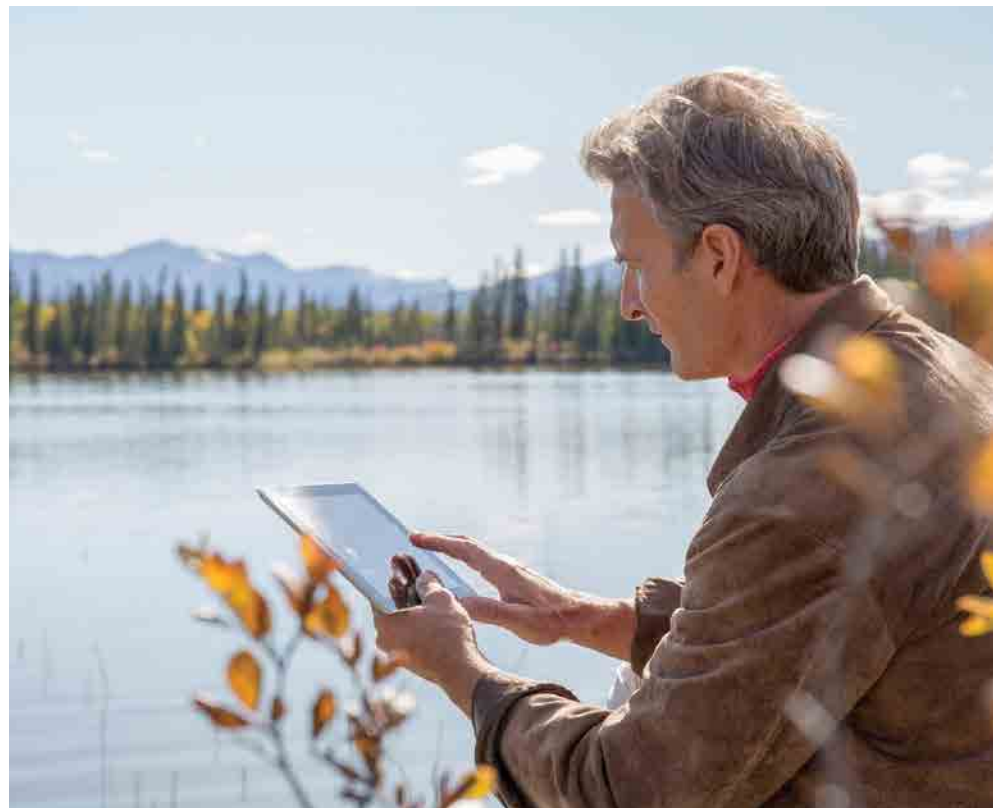


Honouring your original intent

By identifying certain charitable organizations, areas of interest and geographic areas when opening your account, you help Gift Funds Canada honour your original intent when making charitable grants. For example, you can name a specific charity, research into a cause or your local community services. The Board of Directors of Gift Funds Canada will direct grants from the account consistent with your stated charitable preferences.

Investment options

Gift Funds Canada will invest the donor's contribution as soon as administratively possible. The date of purchase may be delayed by market deadlines and trade settlements. The value of the investments in a fund will be based on the market value of securities held.



Gift Funds Canada's Board of Directors has the sole responsibility and authority for investing the Foundation's assets and can, without notice, remove or add to its pre-approved list of investments, mutual funds and/or other investment vehicles in which it invests in from time to time.

Each Charitable Gift Fund's assets are invested separately through individual investment accounts. Donors are able to work with their trusted advisor to recommend a range of investment solutions, within a balanced approach that can meet their philanthropic objectives. Investments must satisfy Gift Funds Canada's investment policies and be within the established investment policy statement parameters for that fund.

Note that there is no assurance that any investment option will achieve its stated objective. Market fluctuations may cause the value of securities in a charitable gift fund account to be worth more or less than their value when they were initially purchased by the Foundation.

Allocating the fund's operating expenses

Gift Funds Canada's foundation operating expenses are allocated across all charitable gift funds. These costs are calculated and accrued monthly and transferred to Gift Funds Canada's operating fund periodically (no less than once a year). Your RBC advisor will receive an investment management fee for the investment services provided in connection with a charitable gift fund account.

Income tax considerations

Contributions to Gift Funds Canada through the RBC Charitable Gift Program are eligible donations for income tax purposes.

Please speak to your qualified tax, legal and investment professionals for more information on how making a charitable gift impacts your specific situation.

Contribution limits

Donations to your named charitable gift fund may qualify for an



individual income tax credit or corporate tax deduction for the year in which the gift is made. There is no limit to the amount you can donate in a year.

However, for tax purposes, you can generally only claim a charitable donation of up to 75% of your net income in a taxation year. The limit is 100% of your net taxable income for Quebec. Unclaimed donations may be carried forward (but not backward) for up to five years beyond the year of the donation, subject to the 75% limit in each year claimed. This limit is also raised to 100% of net income in the year of death and the preceding year.

Tax treatment of investments and grants

The donor is not subject to tax on any income or capital gains earned within their charitable gift fund. Gift Funds Canada as the owner of your irrevocable charitable gift is a non-taxable organization and they can accumulate investment income tax-free. When Gift Funds Canada makes a grant on behalf of one's individual fund, it should be understood that Gift Funds Canada is making a grant from its own assets. Donors cannot

claim an additional donation credit or deduction (if the donor is a corporation) for these grants at any time.

Prior to making any gift, please consult a qualified legal, tax or other professional advisor.

Expense recovery rate schedule⁶

Month-end fund account balance	RBC Charitable Gift Program rate schedule
Up to \$100,000	0.80%
Up to \$500,000	0.725%
Up to \$1,000,000	0.60%
Up to \$2,500,000	0.50%
Up to \$5,000,000	0.465%
Up to \$7,500,000	0.435%
Up to \$10,000,000	0.40%
Up to \$15,000,000	0.27%
Up to \$20,000,000	0.20%
Up to \$25,000,000	0.175%
Up to \$30,000,000 ⁷	0.15%
Minimum monthly expense allocation	\$25

⁶ RBC CGP accounts are subject to a minimum monthly expense allocation of \$25. Also, in the first 12 months following receipt of each gift, there is a minimum one-year expense recovery calculated as the gift receipt amount times the applicable annual expense recovery rate, less the monthly expense allocation, calculated on the month-end balance of gift capital in the fund.

⁷ There is no maximum fund balance for the RBC Charitable Gift Fund. For contributions and fund balances over \$30MM, please speak with your RBC advisor.





Charitable Gift Fund summary⁸

Program	Description	Source of funds available for grant-making	Investment policy	Initial gift
CGF	A flexible style fund with unlimited grant-making privileges designed to satisfy short- to medium- to long-term philanthropic objectives.	Gift capital and accumulated net investment income may be disbursed on the recommendation of the donor/grant advisor.	Fund assets will be invested in a way that meets Gift Funds Canada's investment guidelines and the donor's philanthropic objectives as described in the original charitable gift fund agreement that may be updated if the objectives change.	\$25,000 (minimum)

⁸ Please note that initial and subsequent gifts to the RBC Charitable Gift Program are irrevocable contributions to Gift Funds Canada.

For more information on the RBC Charitable Gift Program, please contact us today.



Wealth Management

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