



SOCIÉTÉ DE
SAINT-VINCENT DE PAUL

Complete guide to planned giving and its benefits

We thank all our donors, your support is very important

On behalf of everyone who is helped by the Société de Saint-Vincent de Paul de Montréal, we are offering our most sincere thanks for your support.

Thanks to your donations, of all kinds, you will help thousands of individuals in difficult situations to avoid going hungry. Your support will allow us to make a real difference, eliminating the impacts of poverty and malnutrition on health and school success.

Thanks to its faithful donors, the Société de Saint-Vincent de Paul de Montréal provides help 35,000 times a year.

We thank you all.

The Société de Saint-Vincent de Paul de Montréal Team wants you, its donors, to know that we will be delighted to answer any of your questions and to introduce you to the team and projects.

The purpose of this guide is to help you in your philanthropic efforts. We recommend you consult a professional familiar with your personal and financial situation (financial adviser, notary, lawyer, etc.). If you have any questions, please feel free to contact our planned giving adviser who will guide you. Please note that the official name of our organization, for any type of donation, is:

The Société de Saint-Vincent de Paul de Montréal.

Charitable bequest

Bequeathing a donation in your will, no matter the amount, confirms your support of the Société de Saint-Vincent de Paul de Montréal and ensures it can continue its mission of supporting the needy.

Including a gift in a will is simple, and the most common form of planned giving. It is a wonderful way of transmitting your values through the legacy you leave.

In addition to being simple, a legacy donation can be modified at any time should your financial or family situation change. Your bequest can be substantial without impoverishment while alive. That's why it is becoming more popular among donors in Quebec and elsewhere.

In addition, a receipt for the value of the donation will be issued by the Société de Saint-Vincent de Paul, allowing your estate to reduce the income taxes it will have to pay after your death.

How can you include a donation in your will? As with any other bequest, there are several different ways, including by particular title, by universal bequest, and legacy by universal title.

1. What is a legacy by particular title?

In this case, you bequeath:

- A specific amount of your estate;
- Property or real estate, securities, artwork, etc.;
- The capital amount of your RRSP (or RRIF) or life insurance.

Examples of clauses for this type of particular bequest:

- "I bequeath to the *Société de Saint-Vincent de Paul de Montréal* the amount of (specify amount) \$___."
- "I bequeath to the *Société de Saint-Vincent de Paul de Montréal* my immovable property located at (specify address)."
- "I bequeath to the *Société de Saint-Vincent de Paul de Montréal* the capital amount of my life insurance (and/or my RRIF, my RRSP, or other)."

2. What is a universal legacy?

- It is all your property.

- After you have ensured your heirs are protected, you may decide to bequeath all your property to the *Société de Saint-Vincent de Paul de Montréal*.

Examples of clauses for this type of universal legacy:

- “I bequeath all of my property, immovables and movables to the *Société de Saint-Vincent de Paul de Montréal*.”

It may be useful to provide for a bequest by way of substitution, for example:

- “I bequeath to my spouse, whom I establish as my sole universal legatee, all of my property, immovables and movables. Should my spouse predecease me, I designate as substitute for my spouse the *Société de Saint-Vincent de Paul de Montréal*.”

3. What is a legacy by universal title and other forms called residual?

- This relates to the remainder of your estate after debts and/or other particular bequests have been paid.
- This type of bequest may be unique, or shared among other heirs by percentage or in equal or unequal parts.

Examples of clauses for this type of universal residual legacy:

- “I bequeath to my spouse the amount of \$ (specify amount) and the residual of all my property immovables and movables to the *Société de Saint-Vincent de Paul de Montréal*.”
- “I bequeath the amount of \$ (specify amount) to the *Société de Saint-Vincent de Paul de Montréal* and the residual property immovables and movables in equal parts between my two children.”
- “I bequeath the residual property immovables and movables:
 - in equal parts between my children and the *Société de Saint-Vincent de Paul de Montréal* (OR)
 - 2/3 to my spouse and 1/3 to the *Société de Saint-Vincent de Paul de Montréal*.”

In Quebec, there are three types of wills; in order to be valid, certain formalities must be respected.

➤ **The holograph will**

Must be entirely written by hand by the testator; it is very simple and costs nothing.

It is not registered; you are responsible for safeguarding it.

After your death, verification before the Superior Court (or by a notary) will be required.

➤ **Will made in the presence of witnesses**

It may be handwritten, computer-generated, or typed. It requires the presence and signature of two witnesses. Particular rules must be respected with regard to statements by the witnesses.

After your death, verification before the Superior Court (or by a notary) will be required.

The will made in the presence of witnesses can be drafted and prepared by a lawyer. *(In that case, it will be filed in the registry of the Barreau du Québec; otherwise no filing is done and you are responsible for its safeguarding).*

➤ **The notarial will**

It is drafted and prepared by a notary.

The notary must ensure all formal requirements are respected.

The original of the will is kept at the notary's office and will be filed with the Registre of the Chambre des Notaires.

Note: The will search at the Chambre des Notaires and the Barreau du Québec is mandatory at the time of death, even if your heirs and liquidator are aware of your will and its type.

Gift of Life insurance

The life insurance donation allows you to make a major donation by contributing only a portion of your estate.

There are different ways to make a donation via life insurance, each has its own advantages.

1. By transferring an existing life insurance policy

- The Société de Saint-Vincent de Paul de Montréal becomes the beneficiary and owner of the policy.

Advantages:

- A donation receipt corresponding to the cash value of your policy (and the value of your premiums, if any, if you continue to pay them);
- Receipts issued during your lifetime.

2. By taking out a new life insurance policy

- The new life insurance policy will be held by the Société de Saint-Vincent de Paul de Montréal, which becomes its beneficiary and owner.

Advantages:

- An annual receipt for the donation will be issued to you, equivalent to the value of the premiums you pay each year.

3. By designating the Société de Saint-Vincent de Paul de Montréal as beneficiary of your policy

- The Société de Saint-Vincent de Paul de Montréal can be designated the beneficiary directly in your insurance contract, or in your will.

Advantages:

- At the time of your death, a donation receipt for the amount of capital received will be sent to your estate.

Donation through a charitable gift annuity

Available for people aged 60 and older, the annuity is a very interesting revenue source.

By transferring a capital amount to the Société de Saint-Vincent de Paul de Montréal, in exchange you will receive an annuity until the end of your life—or, potentially, that of your spouse.

This annuity can be paid monthly, quarterly or annually.

A minimal portion of this annuity will be subject to income tax (or may be entirely tax-free).

According to the income tax rules in effect, the taxable portion is established as a function of the rate offered and your life expectancy at the time you purchase the annuity.

It allows you to:

- Support the Société de Saint-Vincent de Paul de Montréal with a significant amount, while
- Not depriving you of income from this capital;
- Reduce the income tax you will pay;
- Benefit from a donation receipt in the amount of at least 20% of the given capital.

Examples:

1. Mr. Côté, aged 83, has a capital of \$100,000

Given his life expectancy and market conditions at the time the annuity is purchased:

- He will receive a annual annuity of \$8,500 for the rest of his life;
- This corresponds to 8.5% of the amount transferred;
- He is eligible for a donation receipt of \$20,000;
- An income tax credit for a charitable donation of about \$9,612;
- This credit may be used the year of the donation, or carried forward in whole or in part over the following five years;
- The annuity is entirely free of income tax.

2. In 2006, Ms. Gagnon, was 92 years old.

- Her spouse had invested \$15,000 for her in an annuity;

- She receives an annual annuity for her entire life of \$1500, non-taxable, which is equivalent of a rate of 10% of the amount transferred;

NOTE: It is important to understand that the annuity rate is calculated at the time of its creation. Your situation at the time you decide to purchase an annuity may be different, depending on market conditions. However, your annuity will remain unchanged for the rest of your life.

**Annuity rates
(October 2018, principal amount \$35,000)**

AGE	MAN	WOMAN
69	5.5%	5%
74	6.4%	5.75%
80	7.5%	7%
83	8.5%	8%
85	9%	8.5%

If you would like to know what rate you could receive, feel free to contact our adviser with no obligation and in complete confidentiality.

The charitable trust

A charitable trust can be created by contract (*inter vivos*) or through a will.

You irrevocably transfer to the Société de Saint-Vincent de Paul de Montréal an amount, and you provide the income from these capital to a third party, e.g. your wife or a child.

Advantages:

- You get a donation receipt corresponding to the discounted value of the assets that the Société de Saint-Vincent de Paul de Montréal will receive at your death or at the time of the death of the last beneficiary.

The trust manages the assets assigned until your death or the death of the last beneficiary.

Gift of publicly traded shares (securities)

An income tax measure (in 2006) eliminated the income tax on capital gains for the donation of securities for individuals and companies, namely:

- Shares
- Bonds
- Mutual funds
- Other similar securities registered on a Canadian, US or international stock exchange.

By transferring securities having increased in value to the Société de Saint-Vincent de Paul de Montréal, you will not have to pay provincial or federal income tax on the deemed capital gain.

- Your donation receipt will be equal to the value of the securities at the time of transfer.

Essential conditions:

Securities must be transferred directly from your account to that of the Société de Saint-Vincent de Paul de Montréal.

Careful, if you sell the securities and make a donation in cash subsequently, the reduced inclusion rate rule does not apply.

Consult your professional adviser to optimize the tax benefits.

Example: Tax benefits for an individual (\$50,000 taxable income)

	Cash donation	Donation of shares
Fair market value	\$5,000	\$5,000
Acquisition cost	(\$800)	(\$800)
Capital gains	\$4,200	\$4,200
Tax on capital gain - taxable at 40.5% (A)	(\$850.50)	\$0
Tax credit for the donation (47.59% fed. + prov. (B)	\$2,379.56	\$2,379.56
Net fiscal benefit (A+B)	\$1,529.06	\$2,379.56
Real cost of \$5,000 donation	\$3,470.94	\$2,620.44

In-kind contribution

An in-kind donation is an immediate or delayed donation of your property: a residence, chalet, real estate, land, artwork, shares, RRSP, etc.

The donation receipt will be issued according to the market value of the property donated.

It is important to contact the Société de Saint-Vincent de Paul de Montréal before making an in-kind donation if you want to receive a charitable receipt in order to determine the market value of the property.

Income tax rules vary depending on the type of property donated, e.g. for artwork.

Basic tax principles

Basic tax principles

The federal and provincial governments provide tax benefits to taxpayers for their generosity to recognized charitable organizations.

These benefits are in the form of non-refundable tax credits which reduce income tax to be paid, either by a living taxpayer or an estate.

Donation made at the time of death:

As of 2016, a donation made at the time of death is deemed to have been made by the estate of the donor at the time when the donation is received by the charitable organization.

The donation credit can be used for:

- The tax payable by the donor in the year of his/her death or for the year preceding death;
- The tax payable by the estate for the year the donation is made, or it can be carried forward to any year up to five years.

Example: Real cost of a donation made at death:

Taxable income:	\$200,000.00
Tax payable by the estate:.....	* (\$100,000.00)
Donation made through a will to the Société de Saint-Vincent de Paul de Montréal	\$25,000.00
Tax credit	** \$12,023.62
Real cost of the donation for the estate:	\$12,976.38
Real cost of donation (for each of 2 children):	\$6,488.19

* Max. tax rate rounded to 50% to simplify the example.

Donation made during donor's lifetime:

The donation credit may be used during the tax year of the donation, or carried forward, in whole or in part, over the following five years;

An annual limit applies, only at the federal level, to eligible donations equivalent to 75% of the donor's income. This limit was abolished for Quebec for individuals in 2016.

Credits can be combined between spouses.

We invite you to consult income tax professionals and to visit the Canada Revenue Agency website for more details and to learn about any legislative changes that may arise.
<https://www.canada.ca/en/revenue-agency/services/charities-giving/giving-charity-information-donors/claiming-charitable-tax-credits.html>

Planned giving—simple to plan, an important action. A wonderful way to support the Société de Saint-Vincent de Paul de Montréal.

The Société de Saint-Vincent de Paul de Montréal serves people experiencing difficult situations, no matter their culture, language or religion.

It promotes dignity, autonomy and integration into the community, through food support, school retention programs, and by offering access to basic necessities.

By making a legacy donation, no matter which type you choose, you will ensure our mission will endure.

Do you have a philanthropic project you would like to develop?

Please contact our planned giving adviser, Me. Claudia Côté, to discuss it, with no obligation and in complete confidentiality.

By phone: 514-526-5937

By email: donsplanifies@ssvp-mtl.org

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