

Smart Giving: The Tax Benefits of Your Legacy

Why Giving to the North Thompson Communities Foundation Makes Financial Sense

Many donors are surprised to learn that the Canadian tax system covers a significant portion of their charitable giving. By planning your gift strategically, you can support the North Thompson Valley while preserving more of your estate for your loved ones.

Here is how the numbers work for British Columbia residents.

1. The "Double Impact" of Charitable Bequests

When you leave a gift in your will, your estate receives a charitable tax receipt for the full value of your donation. This receipt can be used to:

- **Offset up to 100% of your net income** in the year of passing.
- **Carry back** any unused credits to the year *prior* to passing to recover taxes already paid.

The Result: A significant tax bill that would have gone to the CRA remains in your community instead.

Example:

- **Without a Plan:** An estate with a large final tax bill pays 100% of that money to the government.
- **With a Bequest:** A bequest to the Foundation generates a tax credit that eliminates the tax bill dollar-for-dollar (up to the credit limit). The money stays in the North Thompson Valley.

2. The "Secret Weapon": Donating Securities

Best for: Donors with stocks, bonds, or mutual funds that have grown in value.

If you sell stocks to donate cash, you pay tax on the "capital gains" (profit). If you donate the stocks **directly** to the Foundation, **you pay \$0 capital gains tax**.

Scenario: Donating \$10,000 in appreciated stock	Option A: Sell & Donate Cash	Option B: Donate Stock Directly
Value of Gift	\$10,000	\$10,000
Capital Gains Tax Paid	~\$1,000+ (varies)	\$0
Charitable Tax Credit	~\$4,500	~\$4,500
Total Tax Savings	~\$4,500	~\$5,500+

By donating the stock directly, your estate saves the extra ~\$1,000 in taxes, and the Foundation still receives the full \$10,000.

3. RRSPs and RRIFs: The "Tax Trap" Solution

Retirement funds are often the most heavily taxed assets in an estate. When the account holder passes away, the *entire* balance is treated as income, often triggering a tax bill of **50% or more**.

- **The Strategy:** Name the *North Thompson Communities Foundation* as the direct beneficiary of your RRSP or RRIF.
- **The Benefit:** The donation receipt will offset the tax liability from the RRSP income, effectively neutralizing the tax bill on those assets.
- **Bonus:** Because the money goes directly to the Foundation, it bypasses probate fees completely.

4. Why a Community Foundation?

Unlike a one-time donation to a standard charity, a **Legacy Fund** at NTCF is a permanent endowment. Your gift is invested, and the income supports the community year after year, forever.

You choose where the impact goes:

- **Unrestricted:** Used for the valley's most pressing needs (e.g., flood relief, healthcare).
- **Field of Interest:** E.g., "Youth in Barriere" or "Seniors in Clearwater."
- **Designated:** Annual grants to a specific local charity of your choice.

Disclaimer: The information above is for general education purposes and does not constitute legal or tax advice. We strongly encourage you to review these strategies with your accountant or financial advisor to determine what is best for your unique situation.