



**MACKENZIE**  
Investments

# Mackenzie Charitable Giving Program

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Testamentary Donations to the  
Mackenzie Charitable Giving Program



This piece will guide you through the process of making a testamentary donation to a Mackenzie Charitable Giving Program account. A testamentary donation may be made to either an *existing* account or may also be made to *establish* an account upon the death of the donor. There are essentially three types of testamentary donations:

1. Gift through a Will
2. Beneficiary Designation on an Insurance Policy
3. Beneficiary Designation on a Retirement Plan (e.g. RRSP, RRIF)

## Bequest Gift through a Will

A bequest gift may be made by naming a Mackenzie Charitable Giving Program account as an estate beneficiary through one's Will.

Bequest gifts can be either specific or a portion of the estate.

### Specific Bequest – sample language

"I give, devise and bequeath the sum of \$xxx dollars to Strategic Charitable Giving Foundation to be allocated to the *John Smith Charitable Fund* in accordance with the terms of the Mackenzie Charitable Giving Program"

### Residual – sample language

"I give, devise and bequeath all (or a portion) of the residue of my estate to Strategic Charitable Giving Foundation to be allocated to the *John Smith Charitable Fund* in accordance with the terms of the Mackenzie Charitable Giving Fund program."

The donor may also choose to provide some direction or flexibility around what may be used to fund the donation. For example,

"I direct my trustee to make the gift in the manner and using the estate assets which will provide the greatest income tax relief, including giving appreciated stocks, bonds, mutual funds and other public securities in place of cash."

## Beneficiary Designation on an Insurance Policy

A donor may use a life insurance policy in order to donate to a Mackenzie Charitable Giving Program account. The donor ensures that the policy names the Foundation and his/her account ("Strategic Charitable Giving Foundation – John Smith Charitable Fund") as a beneficiary of the policy. When the policyholder dies, the donor receives a tax receipt for the full amount of the donation. The donor's estate representative can use the tax credit to reduce the donor's taxes for the final two income tax returns, and may also under certain circumstances use the credit in the estate.

The donor/policy owner may also choose to assign ownership of a life insurance policy to the Foundation while he/she is alive. In this case, the donor must also make the Foundation the beneficiary of the policy and agree to continue to pay all future premiums. The tax receipt would generally be issued for the cash surrender value of the policy on the date of the donation. No further tax receipt would be provided on the death of the donor. Additional tax receipts may be provided for the donor's ongoing premium payments.

Please contact the Foundation or an insurance specialist for more details.

It is important to review this language with a legal advisor to ensure it is applicable and enforceable in your jurisdiction.



## Beneficiary Designation on a Retirement Plan

The donor may also name a Mackenzie Charitable Giving Program account as a beneficiary of his/her retirement plan (e.g. RRSP, RRIF) in all provinces except Quebec. The donor ensures that the policy names the Foundation and his/her account (“Strategic Charitable Giving Foundation – John Smith Charitable Fund”) as a beneficiary of the policy. In the province of Quebec, the beneficiary designation may only be made in the Will.

Please contact the Foundation or your RSP Administrator for more details.

### Tax Treatment of Testamentary Donations

Over the last decade, the Federal Government has made several changes to the Income Tax Act, which provide incentives for Canadians to give back to the community. Most notably, the Federal Government has

- Increased the maximum amount of the annual donation claim to 75% from 25%. This dramatic (and surprisingly unheralded) change also allows individuals to claim a tax credit against income tax based on up to 100% of net income in the year of death and the year immediately preceding death. This latter change allows for some powerful estate planning opportunities.
- Also, new rules came into effect in 2016 to allow the estate representative to also use donation tax credits in the first 36 months of the estate, if the estate is designated as a Graduated Rate Tax.

As a result of these changes, many Canadian taxpayers may be able to significantly reduce or even eliminate the taxes payable on death through a sizeable charitable contribution.

Typically, after the donation is made, the Executor/Liquidator/Estate Trustee of the Will receives a donation tax receipt in the name of the donor for the full amount of the gift. The receipt is then used by the Executor to reduce the donor’s income tax liability in the year of death (and if the gift totally eliminates that liability, to reduce the donor’s income tax liability for the year preceding death).

There are considerable issues regarding the tax treatment of testamentary donations and it is important to consult a legal and tax advisor in all cases.

### Setting Up an Account Through a Testamentary Donation

A Mackenzie Charitable Giving Program may be set up upon the death of the donor. The account may be set up by completing the Mackenzie Charitable Giving Program documentation while the donor is alive as part of the estate planning process. By doing so, the donor will provide the Foundation with all relevant information regarding how they recommend the account should be managed. The donor would then simply designate their account as a beneficiary under their Will, insurance policy or retirement plan.

The donor may also provide complete instructions regarding the ongoing management of the account to the Foundation through the Will.

Please contact the Foundation or your Mackenzie Sales Representative for more details.

### The Role of the Executor/Liquidator/ Estate Trustee

The executor is the individual or trust company responsible for carrying out the terms of the Will and for ensuring that all assets passing outside the Estate (i.e. those assets that do not form part of the Estate governed by the Will) are directed to the appropriate beneficiary. This could include both insurance policies and retirement plans that name specific beneficiaries such as a charity.

## Summary

We urge all individuals who are considering making an testamentary donation to establish a Mackenzie Charitable Giving Fund account *or* who are making an estate donation to an existing account to have their financial advisor contact either the Foundation or a Mackenzie Sales Representative for more detail.

Commissions, trailing commissions, management fees and expenses all may be associated with mutual funds. A charitable administration fee and charitable operating expenses will also apply. Please read the prospectus before investing and the program guide before donating. Mutual funds are not guaranteed, their values change frequently and past performance may not be repeated. The information is general in nature and is not intended to be professional tax advice. Donations should not be made for tax considerations alone. Each donor's situation is unique and advice should be received from a financial advisor.

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#### GENERAL INQUIRIES

For all of your general inquiries or account information, please call:

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|-------------------------|--|
| ENGLISH                 | 1-800-387-0614   |
| BILINGUAL               | 1-800-387-0615   |
| ASIAN INVESTOR SERVICES | 1-888-465-1668   |
| TTY                     | 1-855-325-7030   |
| FAX                     | 1-866-766-6623   |
| E-MAIL                  | <a href="mailto:service@mackenzieinvestments.com">service@mackenzieinvestments.com</a> |
| WEB                     | <a href="http://mackenzieinvestments.com">mackenzieinvestments.com</a>                 |

Find fund and account information online at Mackenzie Investments' secure InvestorAccess.

Visit [mackenzieinvestments.com](http://mackenzieinvestments.com) for more information.

To Help You  
Meet Your Goals

Charitable Giving Program – Registered Disability Savings Plan – Registered Education Savings Plan  
Registered Retirement Savings Plan – Registered Retirement Income Fund – Tax Free Savings Account