



Charitable Gift Annuity

This is often called the 'gift that gives back' because, once established, you will have made a donation and still receive payments for the rest of your life.

It is a way of supporting Knowledge Network that appeals to some of our Partners. Annuities are worth considering if you are a little older (ideally over 70).

To set one up, you provide a sum of money to a professional advisor who purchases an annuity from an insurance company and you donate a minimum of 25% of this sum to a charity. However, it is worth noting that you are giving up access to the asset you invest – this is a permanent transfer. Also, because annuities offer options regarding beneficiaries and term (life or a number of years) you should check with your advisor to see if it's the most appropriate charitable gift for you.

Here's a brief overview of the characteristics and benefits of this type of charitable gift.

What are the financial benefits of a charitable annuity?

Because annuity rates tend to be higher than interest rates paid on GICs or other fixed-income investments, and because charitable annuity payments are only partially taxed, your cash flow will often increase significantly.

Other benefits include:

- Guaranteed Income for Life – you can receive an income stream that's guaranteed for life.
- Income Security – your payments are never affected by market or interest rate changes.
- Easy to Manage – once you've established your annuity, there's no need for any further decisions, fees or management.
- All – or a major portion – of your annuity payments will be tax-free.
(The tax-free percentage will depend on your age and gender, but for older donors, the payments may be entirely tax-free.)

Who would benefit the most from this type of gift to Knowledge Network?

A charitable annuity is worth exploring if you:

- are 70 years of age, or older
- have experienced a decline in income from GICs and other fixed income investments and would like to increase your cash flow
- like the assurance of receiving regular payments for the rest of your life unaffected by changes in the economy or interest rates
- would like to make a substantial gift to Knowledge Network, and are in a financial position to purchase an annuity.





Charitable Gift Annuity (cont.)

How much do I have to donate to create a charitable annuity?

Your donation to Knowledge Network needs to be a minimum of 25% of the asset transferred for the annuity to qualify as a 'gift annuity'. For example, if you were to transfer \$10,000, the donation would need to be a minimum of \$2,500.

What are the tax benefits of a charitable annuity?

You would receive a donation receipt for the value of your donation to help reduce any income tax payable. (The amount of the donation receipt you may use in any given year is limited to 75% of your income, but the excess may be carried forward for up to five years beyond the year of the gift.)

How large will my charitable annuity payments be?

The amount of your payments depends on your age, your gender, the amount you contribute, and the annuity rates in effect at the time you make your gift.

Can the payments continue to a surviving spouse?

Yes, the annuity can be structured so that payments are made as long as either spouse is living. When the first spouse dies, the survivor will continue to receive the full amount without interruption.

Consider these examples:

In return for a contribution of \$10,000, Rose D, age 78, receives a lifetime annuity of almost \$800 per 0.3125 in year, 91.2% tax-free, and a donation receipt for \$2,500 in the year of the gift.

For a contribution of \$25,000, Morton B, age 74, receives an annuity of \$1,972 per year, 84.1% tax-free, and a donation receipt for \$6,250 that will reduce his income tax in the year of the gift.





Charitable Gift Annuity (cont.)

If I have more questions about this, who can I contact?

We understand that this is a very important and complex decision and we are happy to help in any way we can. Please contact Paul Graham directly – or if you prefer, have your lawyer or notary do so – he is more than willing to help you and will keep all your conversations and information confidential.



Paul Graham
Development Officer

Email plannedgiving@knowledge.ca
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Toll Free **1.877.456.6988**

This document does not constitute legal or financial advice.

We recommend that before making a decision on a significant gift to Knowledge Network, you seek independent professional advice to ensure your gift is structured in accordance with your personal circumstance and that the related tax implications have been thoroughly considered.

Your advisor may request the following information:

- Our Legal Name: Knowledge Network Corporation
- Our Charitable Registration Number: 12153 2816 RR0001
- Our Address: 4355 Mathissi Place, Burnaby, B.C. Canada V5G 4S8

Thank you for considering creating a legacy at Knowledge Network.

