

Charitable Remainder Trusts

A Charitable Remainder Trust allows you to make a generous gift without losing income and receive significant tax benefits during your lifetime.

For example, you donate \$100,000 in cash, securities or real estate to The Winnipeg Foundation and receive an immediate tax receipt for a portion of your gift, depending on your life expectancy. The \$100,000 is held in trust for the remainder of your life, and you receive all of the income the \$100,000 produces.

Upon your death, the \$100,000 or “remainder” passes to The Winnipeg Foundation.

The legal fees to set up a trust will depend on its complexity. Normally trusts are targeted at a minimum of \$100,000 so that the tax benefits outweigh professional set-up and administration fees. However, your financial professional can prepare a cost/benefit analysis for you to consider.

A Charitable Remainder Trust can be an excellent financial planning tool for people of retirement age who would like to leave behind a gift to benefit The Foundation and can benefit from the tax advantages during their lifetime.

Taxation Details

1. You will receive an immediate tax receipt for the “remainder interest”, which is the principle amount adjusted for your life expectancy. For example if you are in your eighties and set up a trust for \$100,000, you will receive a tax receipt for over \$80,000, which is the value today of a gift of \$100,000 in the future based on your life expectancy. The capital in the trust is not subject to probate, which means it passes tax-free to the charity at your death.
2. The capital in the trust is not subject to probate, which means it passes tax-free to the charity at your death.
3. The income you receive from the Trust is taxable.

For more information about making a charitable gift with a Charitable Remainder Trust, please contact us at:

The Winnipeg Foundation

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NOTE TO READER: The purpose of this publication is to provide general information, not to render legal advice. In addition any changes in the tax structure may affect the examples listed in this information. Please consult your lawyer or professional advisor when planning your gift.