

YOUR GUIDE TO CHARITABLE REMAINDER TRUSTS

What is a Charitable Remainder Trust?

A **Charitable Remainder Trust** (CRT) is a way of giving assets to St. Clement's School through a trust agreement. A CRT can be established by contributing cash, bonds, stock securities, mutual funds, or real estate to a trustee who manages it and pays you the income earned for the rest of your life. You may choose a charitable remainder trust because you have an asset that you would eventually like to give to the School, but you choose to receive the income now until you are ready to reallocate your assets. When the trust is created, you receive an immediate tax receipt for a portion of the trust amount.

The Francis C. Powell Heritage Society

Completing a Legacy Giving Commitment Form will inform us of your decision to create a legacy gift and provides you an opportunity to join the Francis C. Powell Heritage Society. The Society celebrates the legacy of the Powell Family and honours members of our community who choose to make provisions for a legacy gift to St. Clement's School.

(please turn over)

Benefits to you

- **Tax advantages** – A charitable tax receipt is issued upon transferring assets to a trust that names St. Clement's School as the capital (or residual) beneficiary. CRA has allowed a beneficial tax treatment of capital gains on these gifts.
- **Income** – Your trust can provide you with a lifetime income.
- **Worry-free management** – Your trust can be managed professionally, freeing you from daily investment decisions or market concerns.
- **Elimination of probate and estate fees** – Your gift is not subject to probate fees and other estate costs.
- **Avoidance of will challenges** – Trust assets are not considered part of your estate.
- **Control** – You can manage the trust until death, at which point St. Clement's School will receive the "remainder" of the property in the trust.

For further information please contact:

St. Clement's School Advancement Office 416 483 4835 x2272
21 St. Clements Ave., Toronto, ON, M4R 1G8 scs.on.ca/support-scs
Charitable number 10500 5805 RR0001

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SCHOOL

Passion. Courage. Curiosity.



YOUR GUIDE TO **CHARITABLE REMAINDER TRUSTS** CONTINUED

How to

You receive a charitable tax receipt for the fair market value of the remainder interest, which is calculated by a Canada Revenue Agency formula that takes into account your life expectancy and the present value of the property being transferred into the trust. Valuations are required to determine a value of the remainder interest. The transfer of assets to the trust is irrevocable; caution must be taken to assess this somewhat complex financial arrangement.

St. Clement's School strongly recommends that you discuss this matter with your insurance specialist before any transfer takes place.

For example

Betty Chesterton has \$100,000 in cash not earning much in GICs and faces a large tax bill in the current year. She is seventy-six years old and is tired of worrying about managing her investments. Betty transfers her \$100,000 to a professionally managed trust with the principal protected to go to St. Clement's School on her death. Here is what happens:

- The trustee invests in a balanced fund giving Betty healthy income every year until she dies.
- Betty receives a charitable tax receipt for approximately \$74,000* which will reduce her taxes for up to six years.
- On her death, St. Clement's School gratefully receives \$100,000 directly from the trustee (not from the estate) to go towards a School program that Betty cared about deeply.

** Exact amount must be calculated for each situation*

Please seek expert advice

St. Clement's School strongly recommends all donors who are planning a charitable remainder trust to seek professional advice to ensure that your financial goals are considered, that your tax situation is reviewed, and that your legacy gift is tailored to your circumstances.