



# Royal Military Colleges Foundation

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*Planned Giving – Your Colleges ~ Their Future*

# The 1876 Society

The 1876 Society recognizes those who have included the Colleges in their estate planning by means of leaving a “Planned Gift” to the RMC Foundation, and have documented their intentions with the Foundation.

The RMC Foundation allows donors to leave a legacy that will truly never be forgotten. As a member of the 1876 Society there are many ways that you can leave a gift to RMC:

**Bequests:** Allows you to have full use of your money during your lifetime, but leave a legacy gift to a supporting a cause you believe in.

**Life Insurance:** One of the easiest and most affordable ways to make a planned gift, and get a current tax deduction.

**Gift of appreciated Securities:** You pay no capital gains on the appreciated value of the securities.

**Trusts:** Some people like to benefit a charity through their will, but feel that they must provide for others first. A Charitable Remainder Trust can help achieve both of these objectives.



# Bequests – Leaving a Legacy

There are many ways that Donors can choose to leave their legacy with the Foundation one option is a Bequest.

Bequests are often the most significant and satisfying donations that someone can make to the Foundation of their choice. This type of Legacy gift allows for the full use of the money in the donors lifetime, but allows for a portion of the contribution to be directed to a Foundation on the donors passing.

There are four types of Bequests:

1. A specific bequest
2. A residual bequest
3. A contingent bequest
4. A bequest subject to a trust

Benefits to the Donor:

- ✓ The satisfaction of establishing a substantial gift that will be recognized by generations for years to come.
- ✓ The donation principal is retained for life to be used by the donor.
- ✓ The arrangements are revocable and can be changed as the donor chooses.
- ✓ In the year of the death 100% of the bequest is creditable as a charitable donation with a one year roll back.

Benefits to the Foundation: A revocable gift has been arranged, and the Foundation has an ‘expectancy’ of receiving the gift.

Your trust in making a bequest to the RMC Foundation makes a huge statement, which adds credibility to the charity and our cause.



# Life Insurance - Planned Giving

Anyone can take out a life insurance policy and name the Royal Military Colleges Foundation as the beneficiary. This legacy gift is growing in popularity because of its distinguishing feature of providing the donors with an immediate tax receipt, as well as receipts for any future premiums.

The gift of life insurance allows donors with limited incomes, or savings to still make significant contributions to their charity.

There are three basic types of life insurance:

1. Whole Life
2. Term Life
3. Universal Life

Benefits to the Donor:

- ✓ The gift can be made on the 'installment' plan. Small premiums gifted over time can be done without impairing capital, or adversely affecting the financial security of loved ones.
- ✓ Premium payments qualify for current charitable tax credits.
- ✓ Donors can make a sizeable gift to the charity and use a life insurance policy to remain anonymous, if they choose.
- ✓ Current tax regulations for gifts made through Life Insurance Policies allow for maximum tax credits. This, in some cases, is more beneficial to the estate than a gift of cash left through the estate.

Benefits to the Charity:

- ✓ Easy to manage, straightforward, and uncomplicated.
- ✓ The gift will not shrink due to taxes, probate, legal, or administration fees.
- ✓ More inclusive to all ages, and incomes.
- ✓ Outside of the estate process, therefore will never be challenged.

How to make a gift of Life Insurance:

There are a number of ways that life insurance can be gifted to a charity:

- The donation of an existing policy – Irrevocable
- The donation of a new policy – Irrevocable
- The donation of life insurance proceeds- Revocable



# Gift of Appreciated Securities

Securities are a special form of property (capital property), and include stocks and bonds, mutual funds and royalties. They are portable, transferable, marketable and usually easy to value. As such they make excellent charitable gifts.

## Gifts of Appreciated Securities

Relatively new tax rules allow you to donate appreciated shares (and other publicly listed securities) for a full tax receipt. This minimizes your taxable capital gains making it a win-win situation for you and the Colleges. This is a great way to divest some of your holdings or simplify your estate while supporting the Colleges.

Under tax regulations the security itself must be given directly to the charity, it must trade on a prescribed stock exchange, and the charity must not be a private foundation—the RMC Foundation is not a private foundation and therefore is acceptable. In this case, donors are required to bring on 25% of the capital gain into income, but they receive tax credits for the full value of the donated securities.



# Trusts

## Charitable Remainder Trusts:

Some people would like to benefit a charity through their will, but feel that they must provide for others first. A charitable remainder trust can help achieve both of these objectives.

This is one of the most commonly used forms of charitable tax planning. Setting up a charitable remainder trust offers a way to convert highly appreciated assets (e.g., real estate or stock) into lifetime income without having to pay capital gains tax on the sale of the property or estate taxes at death.

A trust is a legal agreement specifying how assets placed under the trust are to be managed by an assigned trustee. A charitable remainder trust is an effective way to provide you with an income for life and know the property remaining in the trust will support RMC. This is a deferred gift, meaning that the proceeds from a gift commitment made now will be realized by the Colleges sometime in the future.

Entering into a charitable remainder trust agreement with the RMC Foundation simply means that you leave a capital donation to the Foundation while you are still alive. The trustee pays regular income to you and/or other beneficiaries you name from the trust for life or for a term of years. When the trust terminates, the trustee pays out the remaining trust assets to the Foundation.

For more information on how charitable remainder trusts please contact the RMC Foundation.

