



# Gifts through a charitable remainder trust and other residual interest gifts

A charitable remainder trust (CRT) may be the right vehicle for making a gift to a registered charity, such as the BC Cancer Foundation, if you would like to donate an asset today but also continue to benefit from the use of the donated asset throughout your lifetime. A CRT can be created during your life or through your will. The information below generally addresses CRTs created during your life.

The CRT is a tool that is primarily of interest to upper-income donors 60 years of age or older (the optimum age being 75+ years of age) who have more than adequate holdings, are in a high marginal tax bracket, have a philanthropic intent, are able to donate some of their assets and would benefit from tax relief during their lifetime.

## **Benefits to the donor:**

1. You can arrange a significant gift immediately and not lose the cash flow from the gift;
2. A CRT can free you from investment concerns and decisions;
3. The assets donated through the CRT will not form part of your estate and, therefore, will not be subject to probate fees;
4. The gift is less susceptible to legal challenges than gifts made through your will; and
5. You may obtain a tax receipt immediately.

## **How does a CRT work?**

To establish a CRT, you transfer cash or assets, into a trust and name the BC Cancer Foundation as the capital beneficiary. You and/or someone else designated by you can then continue to receive the income from the assets in the trust, for life or for a term of years. On the death of the last surviving income beneficiary, the BC Cancer Foundation receives the assets remaining in the trust. If the transfer of the assets into the trust is irrevocable and you do not have the power to encroach on the capital, the BC Cancer Foundation will be able to issue a tax receipt to you at the time when you create the CRT. The amount of the tax receipt will be the present value of the BC Cancer Foundation's interest in the assets transferred into the CRT.

A CRT can also be established through your will, in which case it is called a testamentary CRT. Such a trust is established on your death. A tax receipt can also be issued for the present value of the BC Cancer Foundation's interest in the assets transferred into the CRT but it can only be issued when the CRT is established (on your death) and, therefore, it can only be used to lower the tax payable by your estate.

## **Wealth replacement**

If you are concerned that establishing a CRT will erode your estate and reduce the benefit to your surviving family, and you do not need the additional income generated by the CRT, you may wish to consider using part of the CRT income to purchase a life insurance policy equal to the amount of the CRT gift. You can name your surviving family as the beneficiaries of the life insurance policy, therefore ensuring that there is no erosion of your estate.

## **Other residual interest gifts**

You can also make a gift of personal or real property to the BC Cancer Foundation and retain a right to use the property during your lifetime. The transferred property may be art, jewelry, your residence or your commercial real estate. In each case, if the Foundation is able to accept the particular gift, you will receive a charitable tax receipt for the value of the Foundation's interest which will offset taxes on your income. In addition, you may continue to use the property during your lifetime. At the end of your lifetime, the property may be sold and the proceeds will support programs and services of the BC Cancer Agency, as you have directed.

**For more information and to speak to someone personally and confidentially about making a gift, please contact:**

### ***BC Cancer Foundation Provincial Office:***

Isabela Zabava, LL.B.  
Senior Director, Planned Giving  
Phone: 604.877.6157  
Fax: 604.877.6161  
Toll free: 1.888.906.2873  
Email: izabava@bccancer.bc.ca

**For information about the BC Cancer Agency centre closest to you, please contact:**

### ***BC Cancer Foundation Regional Offices:***

#### **Abbotsford**

Toll free: 1.877.751.0111

#### **Fraser Valley**

Toll free: 1.866.232.9974

#### **Southern Interior**

Toll free: 1.866.230.9988

#### **Vancouver Island**

*Victoria* – Toll free: 1.866.519.5550

*Nanaimo* – Phone: 250.729.8869

*The above information is general in nature and is not legal or tax advice. We can help you realize your wish to support cancer research and care in British Columbia by working with you and your financial and legal professional advisors.*