

# The TaxLetter®

Vol. 40, No. 2

Your Guide to Tax-Saving Strategies

February 2022

## ESTATEPLANNING

### Maximize Your Philanthropic Footprint

# The “Entrepreneurial Philanthropist”

Mark Halpern, CFP, TEP, MFA-P

In the past I've written about “Accidental Philanthropists™” - people who discover, through working with us, that they can choose to leave less of their hard-earned money to the tax department and more of their legacy to family and the charities they care about. (Please read previous TaxLetter® articles June 2021 and Sept 2021).

This article will introduce you to five different types of generous givers I've met over the years and provide a step-by-step

Mark Halpern is a Certified Financial Planner (CFP), Trust and Estate Practitioner (TEP), Master Financial Advisor - Philanthropy (MFA-P) and one of Canada's top life insurance advisors. He is CEO of WEALTHinsurance.com® and illnessPROTECTION.com®, with special expertise for business owners, entrepreneurs, medical professionals and high-net worth individuals and their families. He can be reached at 416-364-2929, toll-free at 866-566-2001 or mark@WEALTHinsurance.com.

guide to becoming an intentional philanthropist, even if you started out as an accidental one. Let's meet the giver types first.

#### Giver #1: Keep me anonymous

Some givers want to keep their donations private. Maybe that's because they don't want to publicize the fact that they have wealth. They may also believe that staying anonymous keeps their gift pure since it's made for no other reason than generosity.

#### Giver #2: I'm setting an example

Givers may be primarily motivated by encouraging others. They may want to instill the values of philanthropy in the next generation. Or they may want to rally people in their community to change lives for the better together.

#### Giver #3: I want my name to live on

These are the givers who provide large donations that allow them to add their names to hospital wings, university buildings and prestigious awards. They understand that public philanthropy provides a form of immortality.

#### Giver #4: I want to reduce my taxes

Giving to charity, especially when done strategically, can be an excellent tax-minimization strategy. These donors realize that for every \$2 they donate to charity personally they can save \$1 of tax. Corporate donations save \$1 of tax for every \$1 donated. Donations can be integrated with other corporate and personal tax planning to provide the greatest possible relief from taxes.

#### Giver #5: It's great for business

Now, more than ever, business owners know that customers prefer to deal with companies that are good corporate citizens. Demonstrating a commitment to a charitable-giving program can boost your brand and your business.

### A philanthropic strategy for your business

We have worked with so many clients who were surprised by how much more of a

difference they could make with some simple restructuring of their assets. By minimizing taxes, they freed up money and could leave substantially larger sums both to their families and to the causes they support. Young clients in their 20s and 30s have created donations of a million dollars or more for pennies on the dollar using Life Insurance along with other appropriate planning.

The steps that follow are geared towards business owners, entrepreneurs and corporate professionals, but they also can work well for individuals too. And, whichever type of giver you are, this kind of strategic approach to philanthropy can help you give more than expected and transition yourself from Success to Significance.

### 1. Define your “Why”

What are you passionate about? Do you want to lift people out of poverty? Help children reach their full potential? Accelerate research on a specific disease? Protect the environment? Support animal rights? Decide what resonates with you and where you want to have a meaningful impact.

Please visit our new website  
WEALTHinsurance.com

Watch “The New Philanthropy”,  
my recent “Ted Talk” at Moses  
Znaimer’s ideacity conference  
<http://bit.ly/MarkHalpern>

Mark’s corporate goal is the  
creation of \$100 million in new  
charity each year working with  
clients, generous donors of non-  
profits and collaborating with  
allied professionals.

### 2. Dream BIG

If you had the means, what audacious sum of money would you like to donate to charity? For example, think about the difference you could make to your favourite causes with a \$100 million-donation. Shoot for the stars and we can end up on the moon. It all starts with having a philanthropic financial goal.

### 3. Make it real

Start making it happen by allocating a certain percentage of net or gross revenues or annual profits to charity. Aim as high as you can and promote the fact that the more your business earns, the more you’ll donate.

### 4. Put structures in place

Establish a charitable foundation or Donor Advised Fund (DAF) to manage your charitable gifts. A charitable foundation is a standalone structure that has initial set up costs and annual reporting. You invest the funds. A donor-advised fund is an account within a public charity e.g., Toronto Foundation, Jewish Foundation, Oakville Foundation, Burlington Foundation, Canada Gives, and is much simpler to set up. You can use either for your business and/or yourself. Contact us to obtain a copy of our one pager “Donor Advised Funds and Private Foundations. What’s the Difference?”

### 5. Gift assets strategically

Consider whether it makes the most sense to donate cash or to be more strategic and give appreciated securities, flow-through shares, and life insurance. It can be the difference between donating at .50

cents per dollar to as low as .05 cents per dollar. As a business owner, re-examine your estate plan to see if there are ways you can convert taxes into a charitable legacy after death. One of the best ways is to donate an old life insurance policy that you don’t really need or that would not move the dial on your family’s inheritance. It can generate a large tax receipt today and going forward; premiums are considered charitable donations to save you more taxes. Contact us to obtain a copy of our one pager “More Than 20 Ways to be Generous. Donations are Not All the Same.”

### 6. Get staff engaged

Identify champions who can share your charitable vision widely across your organization and get your board, senior leadership team and employees excited about contributing to a larger goal. Matching programs can work extremely well, where the business matches employee contributions to the charities everyone chooses, or to charities that are selected through an employee survey. The business could even match the premiums employees pay on donated Life Insurance set up to create even more transformational gifts to charity.

### 7. Talk to your suppliers

Share your charitable goals with the businesses you work with and explain how they can help you achieve them. We ask many of our own suppliers to give a percentage of what they make from us to our charitable foundation. They get the charitable receipt, and we direct the

funds towards the causes we care about. Suppliers who would once have given us gift baskets and sports tickets prefer to thank us for doing business with them through charitable donations and are happy to redirect those funds towards a gift that really matters.

### 8. Tell your clients

Promote what you are doing to your customers and clients. Tell them that simply by choosing your products and services they are contributing to your revenues and therefore your charitable giving campaign. You may want to make the link even more direct by donating a percentage of each client's business revenue to a charity or a flat dollar amount for every transaction, or direct those funds to their favourite charity, charitable foundation or donor advised fund.

### 9. Communication

Get some help to determine the best way to communicate above internally and externally. Your messaging should be clean, clear and elegant. It should be unified and unifying. Each segment of your charitable strategy needs to be integrated. This part of the planning should be a lot of fun to produce.

### 10. Integrate it all

Charitable giving shouldn't

be an afterthought, or a cheque here and there. It should be planned. That way, you can make a bigger impact, channeling money that would otherwise have gone to taxes towards your favourite causes instead. Fundamentally, an approach that integrates your business and personal financial planning with a charitable giving strategy enables you to contribute to the social good more efficiently and effectively.

Enjoy the emotional rewards of your generosity. Generous people often tell me how wonderful they feel after making a charitable gift. They savour an undeniable and palpable sense of achievement.

### We walk the talk

At WEALTHinsurance.com®, we've taken each of these steps as we continue to work towards our own corporate goal of creating \$100 million in charitable contributions every year working with generous clients, charities and collaborating with allied professionals. Beyond knowing that we're making the world a better place, this initiative has created stronger relationships with our team, our suppliers, and our clients, many of whom are actively participating in helping us achieve our vision.

### Don't do this alone.

We look forward to helping you maximize your philan-

thropic footprint. There are many great ways to help reduce taxes now, and in the future, but putting them together requires comprehensive estate planning and knowledgeable people. Proper planning will ensure that you are on the right side of CRA, and your plans to work effectively, as intended. Our advisors across Canada are available to help you preserve your hard-earned money on the phone, Skype or through Zoom. Please be in touch to arrange a personal, no-obligation consultation. Stay safe. ❑

---

Mark Halpern is one of Canada's top life insurance advisors, a Certified Financial Planner (CFP), Trust and Estate Practitioner (TEP), Master Financial Advisor-Philanthropy (MFA-P) and CEO of WEALTHinsurance.com

He guides successful business owners, professionals, and affluent families through the complex process of ensuring the people and organizations they care about are taken care of. If you are like his other clients, you are looking to reduce your tax obligations, preserve your wealth and leave a legacy.

Mark collaborates with your professional advisory team to achieve your desired outcomes. His simple approach makes sure what is important to you gets done. He will suggest appropriate strategies to get your financial affairs meticulously organized, help you take action, and simplify the complicated so you and your family can rest easy.

Mark can be reached at 416-364-2929, toll-free at 1-866-566-2001 or [Mark@WEALTHinsurance.com](mailto:Mark@WEALTHinsurance.com)

Get your FREE Estate Planning Toolkit at [WEALTHinsurance.com/toolkits.html](http://WEALTHinsurance.com/toolkits.html)

The 2021 Toolkit now includes:

- Estate Directory
- Estate Planning Checklist
- Executor Duties Checklist
- Business Owners Planning Guide

Visit [WEALTHinsurance.com](http://WEALTHinsurance.com) and sign up for free updates.