

Voluntary Philanthropy Versus Involuntary Philanthropy

You can choose how to redirect your involuntary philanthropy, also known as tax dollars, to support the causes and values that are important and significant to you.



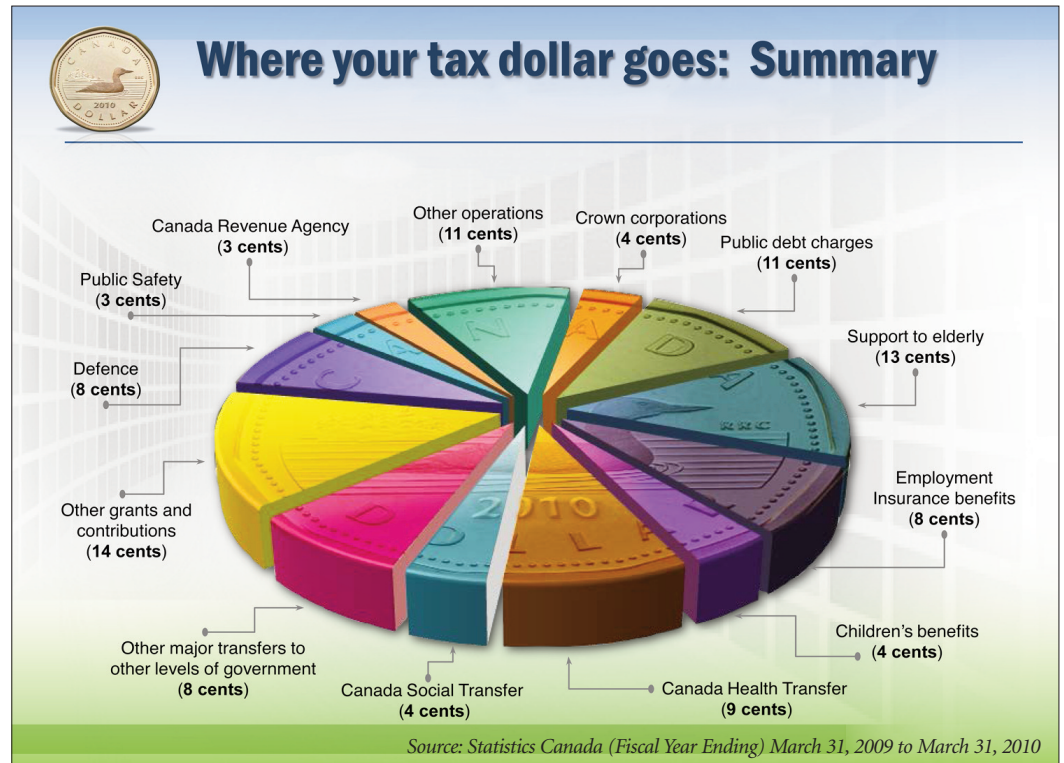
Keith Thomson

The Webster's Dictionary definition of a philanthropist is, "a benevolent supporter of human beings and human welfare."

But who is this person? Someone who potentially gives up approximately one quarter of his or her capital gains and/or up to roughly one-half of his or her income to support the general welfare of our country? Of course the answer is ... most of us! In other words, as taxpayers we could all be considered "involuntary philanthropists."

The chart on the right details how a dollar raised by government through taxation (i.e., \$631 billion in 2010) is spent.

So here's the question, "Given a choice, is this how you would choose to donate your money?" If the answer is "no," then perhaps you may wish to investigate how you could redirect your involuntary philanthropy, also known as tax dollars, to voluntary philanthropy. Please do not misunderstand me, I realize that taxes are absolutely necessary and I fully appreciate the fact that if it were not for the taxes we pay, Canada would most certainly not be the wonderful country it is today. However, it goes without saying that many of us would like the option of redirecting a percentage of our involuntary social capital to those causes that are important to us.



This approach is significantly different between traditional estate planning, with its focus primarily on the money, and what I feel is a more effective approach, which is driven by life's most important treasures: relationships and values.

Fortunately, our government encourages this type of approach. How do we know this to be true? Because Ottawa provides incentives to encourage activity in certain sectors of the economy. As an example, if our government wishes to increase real estate ownership it allows a number of tax breaks for the purchase, ownership and sale of this asset class. In much the same way, since 1996, in order to encourage philanthropy it has introduced into our Income Tax Act over 20 incentives to facilitate giving.

This has now created what many would argue is the most generous tax environment to promote charitable activity in the world today. If this type of voluntary philanthropic planning, with its focus on relationships and values resonates with you, I would encourage your family to seek out a financial advisor with a specialization in charitable planning and investigate the numerous strategies that could also help you to focus on what is important and significant to you.

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"Taxes are our way of feeding the goose that lays the golden eggs of freedom, democracy and enterprise. Someone says, 'Well, the goose eats too much.' That's probably true. But better a fat goose than no goose at all!"

Jim Rohn