



## OPINION

# New rules needed to get charitable foundations to disburse more money

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Half a pandemic ago, I announced to the world last February my support for Prime Minister Justin Trudeau mandating his Minister of Finance to “identify additional ways to tax extreme wealth inequality.”

Not surprisingly, my position did not endear me to some wealthy Canadians. But I still maintain it is the right thing to do. It reflects a fundamental value of what it means to be Canadian and to be Jewish.

A number of strategies, from tax changes to investments in social programs, should be pursued to redistribute wealth.

But the government identified another key initiative in its budget last February: raising the minimum annual charitable disbursement quota of 3.5 per cent of a foundation’s assets

note that charitable foundations in Canada have doubled their assets over the past six years from \$40-billion to \$80-billion, which is well above inflation and Canada's growth in GDP.

While foundations have accumulated more money, they have not invested an equivalent amount to support programs and services that rely on charities for funding. As John Hallward, the driving force behind Giving Tuesdays, has stated, "Foundations are amassing huge amounts of wealth, and they are hoarding that wealth when it could be used to deal with the very serious issues our country is dealing with right now. It's just not right."

This new proposed twist of an 18-year disbursement rule would balance a foundation's ability to fund long-term projects with society's need for more giving and less banking of donations.

The intended consequence of this rule would be that future generations would need to keep contributing to sustain the financial viability of their foundation.

Unlike a family-founded business with a one-share, one-vote stock structure, a family foundation should not become an empire. All charitable foundations should live a long and meaningful life of helping the less fortunate, but then gracefully fade away unless they are given new life by funding from the next generations of productive Canadians.

One of the sources of pride for Canadians during the COVID-19 pandemic is that we rallied to support our neighbours. Governments quickly established programs to help struggling businesses and the unemployed, and individual acts of kindness, from calling on the elderly to buying groceries for friends and families, have been frequent and heartwarming.

To be fair, foundations have also stepped up to the plate, often redirecting funds to where they were most needed. But, looking ahead, foundations have the capacity and the mandate to do more. And they should.

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