



LEAVE A LEGACY™

A Program of

CAGP • ACPDP™

CANADIAN ASSOCIATION OF GIFT PLANNERS
ASSOCIATION CANADIENNE DES PROFESSIONNELS EN DONNÉES PLANIFIÉES

How to Leave a Legacy

How to get started

- ◆ **Think about the charitable organization or cause you would most like to help.** Maybe you or someone you know has benefited from the service of a particular organization. Maybe you are an active volunteer or believe in the mission and values of a specific group. You might want to leave a gift in memory of a loved one for a specific use.
- ◆ **Do your homework.** Talk to the officers of the organization or group of your choice. They can tell you more about what they do, what opportunities are available for giving, and how your gift can allow them to continue their work.
- ◆ **Consult the appropriate professional advisors.** Get the right expertise and advice to ensure the type and timing of your gift maximizes the advantages to you and the organization.
- ◆ **Talk to your family members.** Make them aware of your intentions so they can support the achievement of your charitable goals.

Once you have decided how you are going to proceed, let your charity of choice know your intentions. ■

For more information on **Leave a Legacy™**, including valuable resources, please visit our website at www.leavealegacy.ca or call toll free, **1-888-430-9494 ext. 3**.

CANADIAN ASSOCIATION OF GIFT PLANNERS
Ottawa RoundTable

May is National **Leave a Legacy™** month – the annual celebration of the **Leave a Legacy™** program across Canada and the Ottawa RoundTable of the Canadian Association of Gift Planners (CAGP-ACPDPTM) is pleased to celebrate this important month through this special **Leave a Legacy™** supplement.

The vision of **Leave a Legacy™** is to ensure that you are aware of the personal and financial benefits of leaving a gift for your charities of choice through your will. Preparing an estate plan that includes a charitable gift provides tremendous personal satisfaction and significant tax benefits for donors.

This **Leave a Legacy™** supplement serves as a helpful reference for when you are either preparing a will or making revisions to an existing will. As you read the personal donor stories and resource articles in this publication, please take a moment to realize the profound impact you can make by remembering a charity in your will. Legal and financial advisors can help you with this process and explain how legacy gifts can be included in your estate planning.

If you would like to learn more, we invite you to contact one of the charities or gift planning professionals listed in this supplement.

Everyone benefits from **Leave a Legacy™** – the individual, the family and the community. Whatever your reasons – your gift makes a difference!

– Claude Drouin, Chair
Ottawa CAGP-ACPDPTM RoundTable

Charities and Life Insurance

Gifts of life insurance policies to your favorite charity can yield substantial tax savings to you while maximizing your gift to a charity of your choice.

Ordinarily, during your lifetime you can donate a maximum of 75% of your net income to claim a charitable tax credit. However, in both the year of death and the preceding year, your estate can claim up to 100% of net income as a donation amount.

Let's look at examples of how a gift to life insurance can provide substantial charitable tax credits both during your lifetime and in the year of death for two couples, both in their 70s.

Couple one decided to gift a life policy of \$500,000 to their chosen university. The policy had been purchased many years earlier and had a "fair market value" of \$26,000. This value was actuarially determined and they received a tax receipt in the year of gift in the amount of \$26,000. In addition, the couple agreed to continue paying future annual premiums of \$5,000 to keep the policy in force, and the university, now owner of the policy, issued them an annual charitable tax receipt. On their death, the proceeds of \$500,000 flow to the charity and no further tax credits occur.

Our second scenario involves a charitable tax credit in the year of death. In this case, couple two does not want to gift their policy of \$500,000 irrevocably to their favorite charity, but named the charity as beneficiary only, so that in future the beneficiary could be changed should their circumstances change. They received no tax credits during their lifetime, but the charity received the \$500,000 as a bequest in the year of death. The estate was able to use the \$500,000 tax credit against 100% of income in the year of death and carried back a portion to the preceding year, substantially reducing tax payable both in the year of death and the preceding year.

In both scenarios, caution must be taken to determine any taxable implications when transferring ownership of a policy. Your financial advisor can help in this matter. In addition, if you do not already own a life policy, you may apply to purchase a plan for the purpose of donating to your favorite charity. ■

— Charles Brophy, CFP, RFP, CLU is president of Brophy Financial Planning

The Catholic Church and Youth

Does the Church make a difference? I have worked in a parish for eight years and at the Archdiocese of Ottawa as Director of Youth Ministry for the past four. I can honestly say that it does make a difference. Everyday in the papers there are stories of a troubled world; a world lacking values, a world focused upon hatred and violence, a world in desperate need of direction.

Youth Ministry offers hope in our God who loved us so much that he sent his Son who died for us and won for us eternal life. Youth Ministry starts by meeting the youth where they are at. Many times I have seen teens struggling with depression not knowing that they are loveable. In extreme situations, these youth are at risk of suicide. Whether working at a Parish or with the Diocese, we walk with youth through their joys and struggles. Part of that journey is helping them to see that God has given them gifts and has a plan for them.

It is said that Youth are the future leaders of the world. Youth can be leaders today if we reach out and give them a chance. ■

– Ted Hurley is the Director of Youth Ministry for the Archdiocese of Ottawa. Ted's work involves supporting the parishes and movements in their Youth Ministry. Ted has been married for nine years and is the father of four girls and is a Trustee with the Ottawa Catholic School Board.

Building a Legacy with Endowed Gifts

An endowed gift should be a fundamental building block of a planned giving program for any charity and it is becoming an attractive option for donors who would like to make a gift of lasting value. With an endowment, the capital is generally held by the charity on a long-term basis, with the income either being expended each year or being reinvested in whole or in part.

When structuring an endowed gift, donors and their professional advisors, as well as the recipient charity, need to consider a range of issues, including:

- Is there to be a minimum amount required to establish an endowment?
- Is the fund to consist of monies or shares?
- Is the capital of the fund to be held in perpetuity or only on a long-term basis? There is no longer a 10-year minimum.
- Does the charity have a policy to determine how much income is to be paid out each year from the fund to the

benefit of the charity? The yearly disbursement of income and capital by the charity can be left to the discretion of the charity or it can be made subject to donor advice, e.g., a donor-advised fund.

- What is the purpose of the fund, e.g., is there to be a restriction in relation to the use of the income and/or capital or can it be used for general charitable purposes?
- Can the charity change the purpose of the gift if the original purpose becomes impossible or impractical?
- Is the donor given naming rights in relation to the fund, a program or building of the charity, and if so, for how long?

Structuring an endowed gift is a multi-faceted process, particularly when new legislative initiatives must be considered, such as recent changes to the Income Tax Act. It is therefore recommended that the assistance of a lawyer, as well as an accountant be sought for legal and tax planning considerations as necessary. ■

– Karen J. Cooper, LL.B., LL.L., TEP, is a partner with Carters Professional Corporation



Planned Giving Program for Catholics

A gift for the future of faith...
in thanks for the gift of faith

The Catholic Church has been there for you and your family during the most important moments of your lives. By supporting our Planned Giving Program, you ensure the mission and pastoral outreach of the Archdiocese and its parishes continue and grow both for today's needs and for those of our children and grandchildren.

Leaving a Legacy of Faith

For more information, such as suggested wording for a bequest to the Church, please contact Louise Morton, Archdiocese of Ottawa at **613.738.5025**, or visit our Planned Giving section at **www.archottawa.ca**.

Flow Through Shares

Charities are experiencing a decline in donations since the financial crisis and there is concern that the trend will continue. However, for those donors that want to fulfill their philanthropic commitments in a way that will benefit the donor, benefit the charity and benefit the junior resource industry, there is a tried and tested product. That product is a Canadian flow-through share.

Flow-through shares have been in the Canadian tax code since 1954, three years longer than the RRSP. These shares are issued by junior mining and oil and gas companies who “flow-through” tax deductible exploration expenses they cannot use to individuals and corporations who are permitted to deduct these expenses against their ordinary income. In return, the taxpayer investor provides needed investment cash for exploration to the resource company. The same way it supports RRSPs for tax purposes, the government provides 100% tax deductions on the money you invest in exploration.

There are two methods for flow-through donation, non-guaranteed and guaranteed. In the non-guaranteed, the donor could take the stock market risk during the standard securities

commissions four-month hold period before donating the shares to charity. When the donor donates the shares to charity immediately after the investment which the charity also sells to a third party liquidity-provider at a discount, this is a guaranteed flow-through donation. All aspects of the transaction are contractually guaranteed. The charity can provide a tax receipt to the donor based on the cash the charity received from the sale of the flow-through shares from the liquidity provider.

By supporting two government policies, flow-through shares and charitable giving, the donor receives a benefit of 80% tax savings, thus a \$100,000 net donation to charity could cost the donor approximately \$20,000 of net after tax savings. This is the most tax-efficient way for a donor to give to their charities and has received eight Advance Tax Rulings from CRA over the last three years stating that the structure is tax compliant. To further increase a legacy gift, donors could also use flow-through shares to pay for a \$1,000 life insurance contract with the charity as beneficiary. ■

– Peter Nicholson Jr. is President of WCPD (Wealth Creation Preservation & Donation Inc.)

Top 10 Things You Can Do Today to LEAVE A LEGACY™

1. Prepare a will.
2. Leave a gift in your will for the not-for-profit organization that makes a difference in your life.
3. Leave a specific dollar amount or a percentage of your assets to a not-for-profit organization.
4. Consider using assets for your legacy gift.
5. Name a not-for-profit as a beneficiary of your RRSP, RRIF or pension plan.
6. Name your favourite not-for-profit as the beneficiary of an existing life insurance policy.
7. Purchase a new life insurance policy naming your favourite not-for-profit as the beneficiary.
8. Remember loved ones with memorial gifts.
9. Encourage family and friends to leave gifts to not-for-profit in their wills.
10. Ask your financial or estate planning advisor to include charitable giving as part of your financial plan and to incorporate in their counsel to other clients. ■

Checklist for Charitable Bequests

When planning your estate, should you contact your charities to inform them of a bequest? Traditionally, the answer has been “no”, but practice is changing.

A bequest is probably the largest charitable gift of your life. Don't be shy about asking a few critical questions of your intended beneficiaries. Finding out the correct legal name of the charity is only the starting place (see Canada Revenue Agency: <http://www.cra-arc.gc.ca/chrts-gvng/>).

Consider arranging a meeting with the charity to ask questions in person. The following checklist will help you make your legacy gift more effective, prudent, and personally meaningful.

- 1)** Use of bequests: What is the charity's policy on the use of undesignated bequests? Are they spent immediately or invested? Are they used to pay for charitable programs or administration?
- 2)** Accountability: Are the charity's annual report and audited statement available to the public?
- 3)** Gift designation: Does the charity enable donors to designate to a particular area or activity? What are the future priorities?
- 4)** Personal endowment funds: Does the charity have a long-term investment fund or endowment? Can donors establish a personal endowment fund with their bequest?

- 5) Privacy Policy: Does the charity have a privacy policy? Can a donor remain anonymous? Can the donor specify no unwanted contact?
- 6) Donor recognition: How are bequest donors recognized during life and after death?
- 7) Other Types of Planned Gifts: Does the charity help donors explore tax-advantageous alternatives to bequests, such as charitable gift annuities, life insurance, and gifts of RRSP/RRIFs?
- 8) Staff Gift Planner: Does the charity have a staff Gift Planner or Planned Giving Officer? Has the planner adopted the Canadian Association of Gift Planners' Standards of Ethical and Professional Conduct?
- 9) Charity Leadership: How long has the CEO of the charity been in his/her role? What is the average tenure of staff and directors?
- 10) Charitable Effectiveness: Can the charity provide a concise summary of its charitable mission? What are three recent initiatives that have made a difference?

While the issues on this checklist will vary in importance to each person, the key consideration is how the charity deals with an inquisitive donor or advisor. Most charities appreciate passionate donors, so please, go ahead and ask tough questions. Ultimately, trust is the most important factor when making a gift of a portion of your life savings. Trust should be earned, not assumed. ■

– Malcolm D. Burrows is head of philanthropic advisory services for Scotia Private Client Group

Common questions when planning to LEAVE A LEGACY™

Q How do I leave a gift for an organization that's important to me?

A By leaving a gift to a not-for-profit organization in your will or estate plan, you ensure your assets continue to help others into the future. *Without a will, your property and finances are settled according to federal and provincial laws, which may not coincide with your wishes.*

Q I thought only people at a certain income level could leave a charitable bequest or gift through their estate.

A You don't necessarily have to be "wealthy" to plan a gift. Anyone can arrange to leave a charitable gift from their estate, regardless of its size. It can mean a great deal to a cause that's important to you.

Q Who can help me arrange for a gift to an organization?

A Your financial planner, lawyer, accountant, or life insurance expert can help you leave a gift. These professionals can tell you about tax benefits of planned gifts. You can also contact the specific not-for-profit organization for help.

Q How do I leave a gift in memory of a person or for a specific purpose?

A A charitable gift is a meaningful way to recognize someone who has made a difference in your life. You may also want to give to a specific cause like research or a new building. These kinds of memorial gifts can be arranged in your will – you need to specify that the gift be given in memory of a particular person or for a specific use.

Q Do I have to include my wish to leave a gift to a specific organization in my will?

A A charitable bequest will not take effect unless you state your intention in your will. Without a will, you lose control over your property after death. Your property and finances are settled according to federal and provincial laws, whether or not they coincide with your wishes or those of your family.

Q Do I tell the charitable organization I'm leaving a gift?

A That's up to you. Not-for-profit organizations often like to know in advance so they can recognize your generosity. They can also tell you about opportunities for giving for a specific purpose. If you wish your gift to remain anonymous, your request will be honoured. ■

Why your Will is Important?

Your will or testament guarantees that your property and assets will be regulated according to your desires. Without a Will, there is no mechanism in place to make a planned gift. Below are some steps you should take to ensure that your wishes are granted:

1. Make a detailed list of your assets (financial, real estate, vehicles, jewellery, collectibles, musical instruments, etc.)
2. Make a list of organizations or causes you would like to support.
3. Set up an appointment with your professional advisor (i.e. financial analyst, attorney, or planned giving officer) to discuss your options. Your professional advisor can help you decide which option(s) will work best for you and your family. To search for an CAGP-ACPDPTM* Professional Advisor member in your area, please visit www.leavealegacy.ca/program/help/. ■

* The Canadian Association of Gift Planners is a professional association with over 1300 members. The CAGP-ACPDPTM is looked to as the experts in charitable gift planning. We work with donors to achieve their highest philanthropic goals through thoughtful tax-wise well-planned giving.



What is LEAVE A LEGACY™?

LEAVE A LEGACY™ is a national public awareness program that encourages Canadians from all walks of life to make gifts through a will, life insurance or other gift-planning instrument to the charitable organization of their choice.

A program of the Canadian Association of Gift Planners (CAGP-ACPDPTM), LEAVE A LEGACY™ is a collaborative effort of donors, charities, not-for-profits and professional advisors. The LEAVE A LEGACY™ program's goal is to raise awareness of the importance of thoughtful, well-planned, tax-preferred gifts and their impact on the quality of life for everyone in our communities. A legacy gift can benefit all not-for-profit groups large or small.

Any individual can plan a legacy gift, regardless of current assets or income. It provides the opportunity for individuals and families to support the causes they believe in, often in ways they might not be able to accomplish during their lives. ■