

# Charitable Bequests

A Charitable Bequest is perhaps the simplest form of planned gift to arrange. It is a gift made through a person's Last Will and Testament. A Charitable Bequest could consist of gifts of cash (specific amounts), real estate or other property but usually is a percentage of the donor's estate which is given after the estate debts and the family needs are cared for.

## FEATURES OF A CHARITABLE BEQUEST

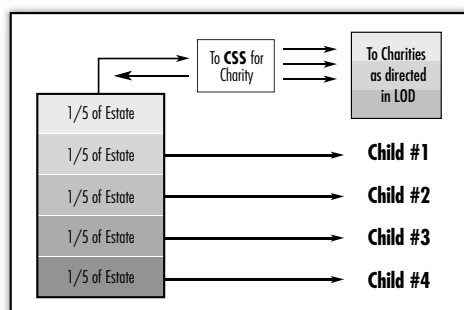
- > Donor is able to give cash, stock, property, etc.
- > Special tax incentives are in place for gifts of appreciated property
- > Simple to arrange
- > Gift is subject to probate (i.e. made through the estate)
- > Charity receives the gift on the death of the donor

## A Child Called Charity

A special concept of planned giving encouraged by CSS is for donors to adopt a "Child Called Charity" and to include that "Child called Charity" in their Wills. Thus, the donor provides a gift (equal to a child's share of one's estate) to be divided amongst the donor's favourite causes. CSS may be named as the beneficiary of the "Child called Charity" share, and will distribute the gift to the charity(ies) listed in a Letter of Direction (LOD) written by the donor at the time their Will is prepared. This LOD is placed in the donor's file at CSS and:

- > Can be changed at any time without having to change the actual Will
- > Offers donors the opportunity to make their gifts anonymously.
- > CSS is obligated to comply with the directions
- > Makes the Executor's job easier. Eliminates the need to inform and deal with multiple charities

## EXAMPLE OF THE 'CHILD CALLED CHARITY' CHARITABLE BEQUEST:



Tom and Wilma Smith are in their 60's and have 4 adult children. Through their will, they wish to remember some charities they have supported faithfully. They divide their estate into 5 equal portions. Thus, each of their children will inherit 1/5th and several charities, through CSS, will receive a share as well.

# Charitable Bequest *...continued*

## What are the Tax Incentives?

A person who dies is deemed to have disposed of everything owned by him/her a moment before death. This means that, at the moment of your passing,

- > 50% of any capital gains on appreciated assets or investments (except for your personal residence) becomes taxable income. This includes the family cabin or cottage.
- > If there is no opportunity for a “spousal roll-over” (spouse takes over the RRSP), the entire value of a person’s RRSP portfolio becomes taxable income at death.

So, for most estates, there are considerable tax implications at death.

When a donation from an estate is made, the charity issues a receipt for the amount of the gift. The Executor can use the receipt to obtain tax credits to offset 100% of income (including the RRSP assets and capital gains described above) from the current tax year and the previous tax year. A CSS Representative can describe these tax benefits which are specific to your family in detail. In many cases, charitable bequests can be made at no significant cost to other beneficiaries.

### **EXAMPLE:**

Tom and Wilma, age 61 & 62, have four Children. Their total estate is worth \$500,000 including \$100,000 in RRSP’s. They are committed to several Christian causes.

<b>Plan without Charitable Gifts</b>		<b>Plan with Child called “Charity”</b>	
Income Tax Payable:	\$50,000	Income Tax Payable:	\$0
Amount to Charity:	\$0	Amount to Charity:	\$100,000
Amount to each child:	\$112,500	Amount to each child:	\$100,000

## Do you have a Will? Is your Will up to date?

During the past 30 years, CSS Representatives have assisted thousands of people with planning their Wills or with updating existing ones.

### **CSS’ MOST POPULAR SERVICE:**

- > Helps clients understand the need to have a Will
- > Explains what a Will can and cannot do
- > Provides advice on choosing an Executor and Guardians
- > Offers advice on trusts for children and inheritances
- > Provides written instructions in the form of a Will Guide to simplify the Lawyer’s task when writing the legal document
- > Provides services free of cost and with no obligation

