

## 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 taken care of.

### 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 still subject to probate (i.e. made through the estate)
- Charity receives the gift upon the death of the donor

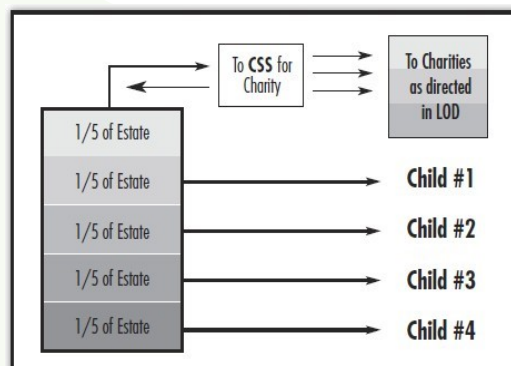
### A Child Called Charity

This is a planned giving concept encouraged by CSS. Donors "adopt" a "Child Called Charity" and include that "Child called Charity" in their Wills. In its simplest form this "Child called Charity" would receive a share equal to the portion given to the Donor's other children. However, in real life this charity portion could be larger or smaller than the other shares if the Donor prefers this. CSS can be conveniently named as the beneficiary of the "Child called Charity" share, and will then distribute the gift to the charities listed in the Letter of Direction provided to CSS.

This Letter of Direction:

- Can be changed at any time without having to change the actual Will.
- Offers donors the opportunity to make their gifts anonymously.
- Obligates CSS to comply with these directions.
- Makes the Executor's job easier by eliminating 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 four 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 time of your passing:

- 50% of any capital gains on appreciated assets or investments (except for your personal residence) become 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.

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. Using a Graduated Rate Estate, the Executor can use the receipt to obtain tax credits to offset income over a five year period, ranging from the two years previous to death up to the fifth estate return. A CSS Stewardship Consultant can describe these tax benefits which are specific to your family in detail. In many cases, charitable bequests are 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.

#### **Plan without Charitable Gifts**

Income Tax Payable: \$50,000  
Amount to Charity: \$0  
Amount to each child: \$112,500

#### **Plan with Child called “Charity”**

Income Tax Payable: \$0  
Amount to Charity: \$100,000  
Amount to each child: \$100,000

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

During the past 40 years, CSS Consultants have assisted thousands of people with planning or updating their Wills.

### 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 Solicitor Information Summary to simplify the Lawyer’s task when writing the legal document
- Provides services free of cost and with no obligation

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