

4. Ensure that the “charity” is a Canadian charity registered with the Charities Directorate of the Canada Revenue Agency or the estate will not receive what may be a very valuable charitable tax receipt.
5. Wills are often unintentionally revoked (as in the case of remarriage, except in certain circumstances) and if a will is intentionally or unintentionally revoked then the bequest in it will fail.
6. All charities accept cash bequests. However, if one is planning to gift real estate, personal property or private company shares, it is important to discuss the proposed gift with the charity ahead of time to ensure that the charity can properly accept such property and either sell it or put it to good use.
7. To achieve the greatest effect it is usually best not to place restrictions on a gift and instead select a very reputable charity and give them the discretion to use the gift in the manner that will achieve the greatest good. However, if donors wish to impose restrictions with respect to a gift, these should be discussed with their legal advisor and the

particular charity, as certain seemingly benign restrictions may be impractical or impossible for the charity to comply with and it may reduce its effect. If a restriction is included in a will, there should also be a clause in the will providing that if the restriction can no longer be complied with or the restriction no longer makes sense, that the charity’s board of directors has the ability to vary the use of the gift.

8. Not all Canadian charities are equally accountable, transparent, effective and efficient and donors should carefully investigate any charity that they are planning to make a substantial bequest to in order to ensure that the funds will be well spent.
9. A will should be kept in a safe place, preferably in a fireproof safe at a lawyer’s office, to ensure one’s intentions and the bequest are known.
10. Donors who are considering making a bequest that includes all or a substantial part of their estate, should get legal and accounting advice as to whether their estate will be able to properly utilize the tax credit. From a tax efficiency perspective, donors may be better off making some smaller gifts during their lifetime in combination with a bequest.

Bequests are a wonderful way to benefit charities that one cares about. When preparing a will, it should be discussed with legal counsel whether a bequest may be appropriate. 🌱

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Why and How We Give

Cynthia Kett

According to Statistics Canada, 5.8 million tax filers or 24.7% donated to registered charities in 2006¹. Although the number of donors decreased by 1.4% from 2005, the total amount donated, \$8.5 billion, increased by 8.3%.

Interest in philanthropy is on the rise. Based on my involvement in donation planning, both personally and professionally, I’ve noticed positive changes in people’s sentiments towards charitable giving. I surveyed some generous individuals I know and the following are some of their thoughts on giving back.

Dr. Koo Chun and her husband, Will Ollerhead, offered the following comments. “We give to charities primarily because we have a personal connection of some kind with them. Other times it is simply a cause

we feel warrants support.” An example of the latter is Humewood House, which helps pregnant and parenting young women, ages 13 to 21. Koo and Will are donors to Humewood House and Koo is a member of the advisory board.

Elizabeth and John Lessif, a retired restaurant franchisees, are active donors and volunteers within their community. “I (John) had the opportunity to



¹Statistics Canada, CANSIM, table 111-0001 (summary found on <http://www40.statcan.ca/101/cst01/famil90.htm>)

“I am bringing **hope** to young girls and boys-in-need while honouring my son’s memory.” – Dianne Proctor



Bill loved working with children. He saw their potential and wanted every child to have the chance to reach it.

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meet many successful people over the years. These people had a positive influence and helped shape the importance of giving back to society. Fortunately, we are in a position to give back even in our retirement years.”

Sheila Norman, a partner with Cranston, Gaskin, O’Reilly & Vernon (CGOV) Investment Counsel and Chair of the firm’s foundation of donor advised funds (the CGOV Foundation), says that she is most willing to commit significant time and money when she feels passionately connected to an organization based on personal experience. She likes to work very closely with groups to which she donates. “I feel like I am able to roll my sleeves up more and see my money work. I will always donate more if I can attain that high level of engagement.”

J and her husband, G (who prefer to remain anonymous), donate their time and capital to a large number of charities on an on-going basis. They’ve also made charitable bequests in their wills. J quoted Luke 12:48 as their primary reason for giving, “To whom much is given, much is expected.” They support causes that have had a personal impact on their family. G was very

eloquent in articulating their perspective on giving. “J and I derive great pleasure from re-directing a portion of our wealth to charitable causes and hope to do much more in the years ahead. We feel we have been unbelievably blessed and know that untold millions have not had the same good fortune. Having the opportunity to positively impact the lives of others is extremely rewarding and spiritually uplifting.”

If you’ve considered making a life-long commitment to charitable giving but have yet to do so, how do you get started?

First, an assessment of your financial circumstances is required. For significant annual or legacy gifts, you’ll need to consider the impact on your family as a whole. Sharing your values about philanthropy with your immediate family can enhance the personal benefits of giving. As a group, you can define your “giving philosophy” and each person can participate in the choice of charities that will benefit. This joint decision-making process reinforces the idea that you’re a fortunate family – you have more than you need and you can afford to share with others.

Second, like planning for all financial goals, you must develop strategies for allocating a portion of annual income and/or assets to various purposes. Identify recipient charities, quantify gift amounts and determine the timing of each donation.

Finally, there may be supporting documents to complete, especially if you are creating a legacy gift either during your lifetime or as part of your estate. You will need to outline the terms of your gift, if any, and clearly articulate your intentions so the funds you donate are used for the purpose(s) you wish. For sizable gifts, professional assistance may be required in the planning and documenting stages.

Most donors give to charities for personal reasons; the tax benefits are a secondary consideration. However, sometimes the tax savings realized by donating publicly traded securities can influence the size of the gift.

The capital gains inclusion rate on donated securities was reduced to 25% in 1997 and eliminated in 2006. These tax changes have helped to noticeably increase the dollar value of significant gifts. According to an article in the *Globe and Mail*, “Nationally, gifts of stock to Canadian charities, negligible before 1997, totalled \$3 billion in the last decade.”²

Tax implications can be more of a factor in estate planning. Taxes can be triggered on the deemed disposition of assets upon the death of an individual or of their surviving spouse or common-law partner. Consequently, people often structure and quantify their testamentary gifts to reduce the income taxes that will be payable when their final tax returns are due.

I liken my commitment to philanthropy to having children: they can be costly, but the joy and satisfaction they provide is priceless! I encourage you to make charitable giving a priority for the benefit of you, your family and the organizations you support.

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²Willis, Andrew. “The gift that keeps them giving”, *The Globe and Mail*, Saturday, December 29, 2007, p. F1 and F6.



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For a history of Council and information on how you can create a legacy of hope, please call **Jim Patterson**, Director of Resource Development at 905-771-5124 / 1-800-235-8822 or email jim@tucc.ca



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