



PLANNED GIVING— LEAVING YOUR LEGACY

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In addition to the many benefits of having a “Will” in place to plan for the distribution of your estate when you are no longer alive, a Will also enables you to make a contribution to a charity or non-profit organization that you or a family member may have a strong association with.

The decision to plan a gift for “tomorrow” will also bring you benefits today. By creating your own legacy, you can take some control and build a bridge to coming generations. The rewards go beyond the personal as you will have a lasting impact and inspire many people in our communities. There are also fiscal advantages when contemplating a gift in your financial and estate plan.

Although many British Columbians continue to make donations to charitable organizations while they are alive, many are unaware of the various methods and available benefits associated with giving a charitable gift when we die.

As governments continue to scale down their social services responsibilities, the concept of community-building becomes vitally important to the survival of such organizations.

Many of us may think, “I really don’t have much to leave, so why bother!?” Giving a gift through your Will or a Trust does not have to be painful or costly. In fact, the Federal Government has recognized the importance of charitable giving by creating a more flexible environment for making a gift. Receiving a tax benefit remains a strong incentive for many in making a charitable gift, but many people value the “social benefit” attached to making such a gift.

What then are some of the charitable vehicles available for making a gift and which one(s) are most appropriate for me? A planned giving vehicle may be as simple as making a cash bequest to a specified charitable organization in your Will. However, new approaches to planned giving may include life insurance policies, publicly traded securities or trusts. Each method will have its own associated benefits for the donor and the recipient. The following represent some of the more common planning vehicles worthy of consideration:

Bequests

You can bequeath a sum of money, an item, or any portion of your estate. You can also arrange to donate proceeds from your registered retirement savings plan (RRSP) or registered retirement investment fund (RRIF). Charitable tax receipts issued to your estate can offset taxes on your income in the year of death and in the previous year.

Gifts Involving Annuities

You can buy an annuity and then use a portion of the annuity payments to pay premiums on a life insurance policy assigned to a charitable organization. You'll receive charitable tax receipts for the premium payments. Remarkably, with this charitable insured annuity plan, your income may increase. It is even possible to structure the gift so that both the charitable organization and your heirs receive a return on the investment by using the increased income to fund the premiums on a life insurance policy naming your heirs or your estate as the beneficiary.

Life Insurance

Through relatively small life insurance premiums, you can provide a legacy of support. If you assign a new or an existing policy to a charitable organization, you will receive a tax receipt for the value of the policy and for subsequent premium payments. Insurance proceeds are contractual in nature and do not fall within your estate, thus, you can avoid probate fees and other taxes. Alternatively, you can designate a charitable organization as the beneficiary of the policy and a tax receipt will be issued to your estate.

Trusts

You can make a gift today and benefit from the donated assets during your lifetime. You can accomplish this through a trust to which you transfer cash or assets. You or someone chosen by you will then receive either a fixed payment or interest income. When you transfer property to a trust, you receive a charitable tax receipt for the present value of the charitable entity's interest. Trust assets are placed outside your estate and the tax receipt may be used to reduce your taxes during your lifetime. When the trust terminates, the remaining assets will be used in the future to support the mission of the charitable organization of your choice.

Personal Assets and Real Estate

There are also opportunities to make a gift of personal or real property to a charitable organization and retain a right to use the property during your lifetime. The transferred property may be art, your residence or commercial real estate. In each case you will receive a charitable tax

receipt for the present value of the charitable entity's interest which will offset taxes on your income. In addition, you may continue to use the property or receive income from it. At the end of your lifetime, the property may be sold and the proceeds will support programs and services of the intended charitable organization, as you have directed.

The answer to which planned giving vehicle is most appropriate for you must be assessed in light of your goals, your financial abilities and your creativity. Consultation with professional advisors (lawyer, accountant, financial planner) and the associated Planned Giving Manager of the intended charitable or non-profit organization will ensure that the right gift plan is chosen for you.

About the Author: Mr. Kramer, Q.C.'s, law firm, KMK Law, provides specialized legal services in the areas of Wealth Management, Estate Planning, Estate Litigation and Mediation. Mr. Kramer Q.C. is also involved extensively in both his community and the legal profession, having served on numerous Boards and Committees over his 25 year legal career. Currently, Mr. Kramer Q.C. serves as a Board Member with the Vancouver Airport Authority ("YVR"), Vice Chair of the Board of the College of Chiropractors of British Columbia, and a Board Member with Technology for Living.

Mr. Kramer Q.C.'s assistance in providing this information is appreciated. Readers are cautioned that the information expressed in this article should in no way be construed as legal advice.



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