

Planned Giving Opportunities

I have agreed to write a number of articles for “Timothy Topics” and for the St. Timothy’s Website (www.sttimsottawa.com) dealing with stewardship and charitable fundraising. I plan to begin by drafting a few articles dealing with a subject about which many people hear a great deal, but about which people do not necessarily have an intimate knowledge. “Planned Giving”, including making charitable gifts by bequests in a will, is that important though somewhat arcane topic. I will be able to provide a great deal more detail on the Website, so do have a look at it regularly.

Stewardship of resources is intimately connected to fundraising for any church, including St. Timothy’s, or for any charity. To be a proper steward, one must do the following:

- Produce and portray accurately the charitable Mission in all communications;
- Maintain high levels of professional competence;
- Maintain confidentiality in handling donor and prospective donor records;
- Comply with all applicable laws and maintain an ethical code;
- Avoid or disclose all potential conflicts of interest;
- Offer public recognition for a gift only after the donor has granted permission;
- Ensure accurate use of designated gifts, optimal management of all solicited funds;
- Produce accurate financial statements showing fiscal responsibility;

The common characteristic to all of these requirements is trust. A good steward is entrusted with the responsibility of managing donor resources. One who plans to give gifts to a charity relies upon high-quality stewardship. The topic today, “Planned Giving”, is just one way to give a gift to a charity.

Planned Giving

Many people today are discovering the present value of “planned giving” as a means of benefiting the charitable causes that mean the most to them. Many persons have been pleasantly surprised to learn that planned giving has real financial and tax benefits for them, as well as for the charity that they are supporting. These benefits are often available to them in the *present* time, not only to their estates after death (i.e., *post-mortem*). Indeed, these gifts are for those persons who are interested *today* in protecting themselves from tax dilution. These donors tend to be both tax averse and charitable.

Most Canadians would likely agree that self-directed giving is a more efficient way of contributing to the general welfare of the country than paying tax dollars, where those dollars first have to pass through the bureaucracy of the government before ending up with recipients determined by others.

For every dollar over \$200 that one donates to a charity in a year (up to 75% of one's income), one will recover in tax savings at least the amount of tax one would have otherwise paid on that dollar when it was earned. So making a donation is a genuine shifting to the charity of capital that would otherwise have been paid to the government.

What is Planned Giving?

Planned giving involves tax incentives to charitable giving. It is a process whereby an individual makes a donation to a charity in a form that maximizes tax advantages for the donor, while addressing the donor's need for cash flow from the donated assets.

The options for each type of gift vary extensively. Working with a representative of the charity and a professional legal or investment advisor, donors decide what amount of gift they want to make, how they want to give it and when to give. The tax advantages for each option vary according to the type of vehicle chosen to convey the gift. Importantly, the gift option(s) chosen must match a donor's individual needs and circumstances.

Exploding Some Planned Giving Myths

Myth #1 - Planned Giving is useful to older persons only.

Myth #2 - Planned Giving donors are usually very wealthy.

Myth #3 – Planned Giving always involves wills and gifts *post-mortem*.

Myth #4 – Planned Gifts are always once-in-a-lifetime gifts; these donors are precluded from regular participation in other donation programs and efforts.

Myth #5 – Planned Giving donors are very sophisticated tax experts.

Why Plan One's Estate?

Persons over the age of 50 years, presently hold some 75% of the wealth in Canada. As these persons age, there is the danger that the enormous wealth transfer that is to inevitably occur as a result of "baby boom" demographics will benefit the "taxman" much more so than is necessary by law. This group of persons wishes to have more control over the means by which their accumulated wealth is distributed. Directed giving or planned giving is the solution to that potential problem.

Persons who neglect to plan their estates often have their estate planning accomplished by default. Their heirs are forced to accept these less than ideal results. More is given to the taxing authorities or monies are distributed in ways to which the deceased would never have acquiesced.

Failure to plan one's estate may result in the following events:

- (a) allow the provincial laws to decide how property will be divided at death;
- (b) allow the courts to name the person(s) who will administer their estates;
- (c) allow estates to be depleted by taxes and costs of administration;
- (d) allow nothing to be left to worthwhile institutions that they supported in life, such as the good works of St. Timothy's Presbyterian Church.

The issue may be simply defined. Planning one's estate will ensure that one's individual choices are respected now and *post-mortem*.

Expert Advice

Of course, any estate planning exercise should involve the counsel of a professional thoroughly versed in the areas of financial planning, succession principles and tax law. The author is prepared to assist anyone considering such a planning exercise with finding competent counsel from which to choose, should they not have their own counsel.

The St. Timothy's Website (www.sttimsottawa.com) and future articles here will feature more about planned giving and stewardship of your gifts. I plan to write specifically about leaving gifts by will and through various other financial vehicles. Do look at the Website and please feel free to ask any specific questions you may have.

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