

## WHERE THERE'S A WILL...

Surveys indicate that the average Canadian adult does not have a will. If Jane Average still has no will when she dies, all of her worldly wealth will be portioned out among her relatives according to a formula set by provincial law – no matter what Jane may have actually wanted. And not one penny of her assets will go to the organizations and causes she believes in, because the “laws of intestacy” make no provision for distributions to charity.

But where there's a will, there's a way! Let's consider some above-average people who *do* have wills, and see how they've managed to achieve their philanthropic goals in ways that fit their personal circumstances.

**General bequest:** For some years now, Mary W. has had a will, which leaves her residence, vacation cottage and personal items to her children. But her investments have done well in recent years, so she's now in a position to provide for her charitable goals. She adds a codicil to her will leaving general bequests of \$25,000 each to (*Full Name of Charity*) and two other favorite charities.

At her death, Mary's estate will receive a donation receipt for the full value of these charitable bequests, producing a significant credit that will offset other taxes on her final tax return.

**Specific bequest:** Harold G. owns several acres of undeveloped land on the outskirts of the city. Its value has increased somewhat during his ownership, and Harold expects the increase to continue for some years to come, because the land is directly in the path of urban development. He chooses this asset for a specific bequest to (*Charity*).

When Harold dies and the land passes to (*Charity*), any capital gain will have to be recognized on his final tax return, but his executor will have the option of electing a donation receipt for any amount between the property's cost base and its fair market value at that time. This flexibility allows the executor to balance taxable gain and charitable tax credit to the best advantage in the context of the total estate. If (*Charity*) elects to retain the property, it will have the full benefit of future appreciation since a registered charity is exempt from capital gain tax.

**Residual bequest:** Walter V. is in his eighties, but he still enjoys managing his own investments and over the years his good choices have outnumbered his bad ones. Nevertheless, he finds it difficult to estimate just what his estate may be worth when he dies. He decides, therefore, to make general and specific bequests to his children and close friends, and leave a residual bequest for “all of the rest, residue and remainder of his estate” to (Charity). This means that our organization will receive whatever remains after other bequests and estate expenses have been satisfied. If Walter continues to make good choices, it will be a significant gift indeed, and if his luck turns sour, his intentions for (Charity) will not diminish his commitments to family and friends. (If Walter wished to provide for multiple residual bequests, he could designate a percentage of the residuum for each.)

**Contingent bequest:** Elizabeth D. has no children and has lived for years with her older sister, who is quite frail. Elizabeth is very supportive of (Charity) and wants to bequeath the bulk of her estate for an endowment to provide (describe a typical use). However, she also feels the need to provide for her sister in the event that the sister survives her. After discussing her situation with her lawyer, Elizabeth is considering a contingent bequest of \$100,000 to (Charity), which would be effective only if her sister has predeceased her.

**Testamentary charitable remainder trust:** Elizabeth may also include in her will a testamentary charitable remainder trust to be established if her sister survives her. Under this arrangement, the \$100,000 would be transferred to a trustee who would invest the money and pay the net income to Elizabeth’s sister for life. At the sister’s death, the trust principal would pass to (Charity). Such an arrangement provides for her sister while also assuring a gift to the (Charity), and the donation receipt for the “present value” of the future gift will provide a tax credit on Elizabeth’s final tax return.

Where there’s a will, there’s a way! With a will you can honour commitments to family and friends and also support the institutions that have enriched your life. With a bequest to (Full Name of Charity), you can help us enrich the lives of future generations. To assist you in your estate planning, we’ll be pleased meet with you and discuss your intentions. We can also supply sample language for any of the bequest types described in this article.

***[Add paragraph about whom to contact, or a response coupon for requesting further information.]***