

Planned Giving for Canadian donors

fact sheet

Start with objectives

Effective estate plans are based on specific objectives—well thought out and carefully spelled out in writing. These should be reviewed at least every three years to make certain they still meet your needs and expectations.

Your will should be considered the foundation of your estate plan. Your will accommodates the disposition of most of your assets, but not all of them. Some of your assets will be distributed independently of the provisions of your will. These assets may include property, which is jointly owned, some trust benefits, life insurance proceeds, registered retirement accounts, pension funds, other employee benefits and outright lifetime gifts to family and charity.

All of these assets are an integral part of your estate plan. Management of these assets and the ultimate disposition of them should be coordinated carefully with the terms of your will.

Include charitable giving

Your basic estate plan should take into consideration the desirability and advantages of making gifts to charitable causes such as AMBS. Such gifts may be outright gifts during your lifetime and/or deferred gifts, which benefit the seminary fully after you (and perhaps others) pass away.

It is frequently to a person's advantage to transfer cash, securities, real estate and other property to family members and charitable institutions, such as AMBS, while living rather than by will. These gifts can provide favorable income tax and estate tax benefits for you, the donor. In addition, you may enjoy the satisfaction derived from making the gift and watching the impact it has on the recipient.

Charitable giving reduces the tax impact on your estate and allows you to invest in organiza-

tions that extend your values in perpetuity.

You may make planned gifts in a number of ways. As always, your lawyer and other tax consultants or financial advisers should assist you in determining which avenue of giving is best for you and your family. We work in consultation with Mennonite Foundation of Canada (MFC) and its seven consultants. MFC is an important and, in some cases, indispensable conduit for many gifts flowing from Canada to AMBS.

Use these tools for estate planning

A charitable gift by will: Providing a bequest of cash, personal property or real estate to AMBS in your will is the most common type of estate gift. Such gifts are not subject to federal estate tax. **Would you consider placing AMBS in your will today?**

Property and shares: Gifts in kind, such as real estate, businesses, commercial property, company shares, mutual funds, bonds, objects of art, etc., can be donated to AMBS, potentially reducing and sometimes even eliminating tax obligations.

Life insurance or retirement benefits: You may designate AMBS as the beneficiary of a life insurance policy. Or you may make AMBS the owner and beneficiary of a life insurance policy while you are living. In either case, there would be current income tax advantages available to you. If AMBS owns the policy, the insured gets the tax break on the premiums but not on the death benefit. If AMBS is the beneficiary, the estate of the insured gets the tax break on the full death benefit but not on the premiums. Some people discover that when the original purpose for which they took out an insurance policy no longer exists, the policy becomes an asset they can donate. AMBS also could be designated as the beneficiary of a



Registered Retirement Plan in which case the income taxes—otherwise payable due to distributions after your death on qualified retirement benefits—may be avoided if such benefits are payable to your charity. In addition to income tax benefits, all of the above strategies also can generate estate tax savings.

Revocable and Irrevocable Deposits: People who have capital available to invest can use it to support AMBS. MFC offers revocable trust accounts that earn a competitive rate of return on investments and benefit charity at the same time. Earnings from the investment can be donated to charity, compounded or paid out to you. An irrevocable deposit often is used for people who have capital but need income from that asset to put toward their living expenses. With an irrevocable trust, you donate the principal to the charity upon your passing, but receive earnings from it for your life or that of your spouse if the account is joint.

Donations of shares: Take advantage of recent changes in Canadian tax laws which now permit donations of publicly traded shares or mutual funds (securities), with no tax on capital gains, plus a donation receipt for the full value of the securities. Menno-nite Foundation of Canada says, **“This is now the most tax effective way to donate.”**

Keep your estate plan current

As important as it is to create an estate plan, it is equally important to make certain that its provisions remain up-to-date. Changes in your family environment—births, marriages, death and changes in financial circumstances—are excellent reasons to review your plans. External factors, such as changes in property values, the stock market and the rate of inflation, also are important reasons to reexamine your plans.

In addition, changes in federal tax laws may have a profound effect on your plans. The province in which you reside may have changed its laws, which also will have a bearing on your plans. Your lawyer or MFC consultants can help you determine what impact these laws may have and what you can do to protect your estate.

Ensure your goals are met

Taking the time to create an estate plan is the best way to ensure that your personal and financial goals are achieved for the benefit of your family and the charitable institutions important to you. The complexity and changing nature of tax laws require the assistance and expert counsel of accountants and financial planners.

Consult with advisers

As you make decisions for your estate plan, consult with your lawyer, accountant, financial planner and consultants at Menno-nite Foundation of Canada.