

sumed \$45,000, leaving the children with only \$55,000, just \$10,000 more than they would have received if their mother had not made her charitable bequest. In effect, \$5,000 less for each of Connie's two children meant \$100,000 available for the church's ministry! (Special note: Tax credits vary depending on the province of residence. The range was 43.5% to 50% in 2008)

## *The Wording of Your Will*

While it is important for your Will to express your philanthropic intentions, your Will should not be too rigidly or narrowly worded. Bequests have been known to be too restrictive, thus tying the hands of the church and making it difficult for the church to make full use of the gift.

If you make a designated bequest for a specific ministry, you should give the session or the appropriate leadership the authority to change the designation to a similar type of ministry if the ministry you had designated becomes obsolete or no longer needs funding.

When making a bequest to a congregation, be sure to include the specific name and address of the congregation (there are a lot of congregations named St. Andrew's in The Presbyterian Church in Canada!).

### **Sample Wording**

If it is your wish that your bequest benefit the total work of the church, then your designation should state: **To The Presbyterian Church in Canada, Presbyterians Sharing.**

A bequest to a specific congregation should read: **To the (name of congregation) Congregation of The Presbyterian Church in Canada, (address of congregation), or, if such congregation does not exist at the time of my death, to The Presbyterian Church in Canada.**

If you want to designate your bequest for a particular area of ministry, then you can use a clause such as, **To The Presbyterian Church in Canada, the sum of \$\_\_\_\_\_, with the request that it be used to assist theological education/new church development/international mission work/etc.**

### **Mission Priority Funds**

The Presbyterian Church in Canada has established a number of Planned Giving Funds that reflect the mission priorities of the church. Some of these funds are:

- Creative Children's Ministries Fund
- New Church Development Assistance Fund
- Mission Connections Fund

To learn more about these and other Mission Priority Funds, contact the Planned Giving Office.

### **Named Endowments**

It is possible for donors leaving larger bequests to establish a permanent named endowment with the annual income from the endowment available for a particular area of ministry. Contact the Planned Giving Office to learn how you could establish such a fund through a bequest or other planned giving vehicle.

## *A Story Worth Sharing*

In 1950, Colonel J.B. Maclean, a child of the manse and founder of Maclean's Magazine, bequeathed a portion of his family estate and 250 acres of Ontario farmland to The Presbyterian Church in Canada. He stipulated in his Will that the church "maintain and develop the several properties at Crieff. . . as an example to other communities." Today Crieff Hills Community welcomes approximately 15,000 guests each year for conferences and retreats. Colonel Maclean's generous bequest has left a lasting legacy of spiritual growth and renewal for generations to come.

## *For Further Information*

The staff in the Planned Giving Office are available to offer whatever information and guidance you need to help you turn your philanthropic wishes into reality. Contact us by phone, email or letter. For additional information and more examples of generosity, be sure to check out the Planned Giving website.

### **The Planned Giving Office**

The Presbyterian Church in Canada  
50 Wynford Drive, Toronto, ON M3C 1J7  
416-441-1111 or 1-800-619-7301  
plannedgiving@presbyterian.ca  
www.presbyterian.ca/plannedgiving



The information in this brochure does not constitute legal or professional advice and should not be substituted for appropriate professional advice. The Presbyterian Church in Canada encourages you to seek professional legal and financial advice before deciding on a course of action.

# Charitable Bequests

Exercising your will power



*Planting seeds of hope.  
For generations to come.*

## Charitable Bequests:

### Exercising Your Will Power

**Will power, noun:** the strength of will to carry out one's decisions, wishes or plans.

When we think of will power, we normally think of the character trait that enables us to persevere through trials and temptations to achieve our goals. Without a measure of will power, most of our personal goals would never be accomplished. There is another form of will power, however, that we often ignore, but which is no less essential for achieving our goals, and that is the power of our Last Will and Testament.

Your Last Will and Testament is your final wishes put into writing for how you want to distribute your assets after your death. A legal Will enables you to exercise your "Will power" and ensures that your wishes for your family and other beneficiaries are accomplished. Without a proper Will in place, it is the government who decides how your estate will be distributed, not you; and the government has already decided that you will leave nothing for charity. If you want to make a charitable bequest of any kind, it is absolutely essential for you to have a legal Will. Through your Will, you can ensure that the ministries you have supported throughout your lifetime are adequately funded for future generations. Now that's exercising your Will power!

The Presbyterian Church in Canada strongly encourages donors to seek the services of a qualified and experienced estate lawyer to ensure that a bequest is set up in the most appropriate way.

## Types of Charitable Bequests

There are many ways to make a charitable bequest that will best suit your personal philanthropic goals and financial situation. Some of the types of bequests include:

### General Bequest

Directs that the church will receive a designated sum. For example, you might make a general bequest of \$25,000. You may prefer this arrangement because it is considered a primary charge against your estate, which means it will most likely be fulfilled.

### Percentage Bequest

This is an excellent alternative to the general bequest. The percentage bequest states that the church will receive a predetermined percentage of your estate (e.g. 10%). The advantage of a percentage bequest is that it keeps your gift in line with the value of your assets as they change.

### Specific Bequest

Directs that the church will receive a specific piece of property such as a piece of real estate, the stock from a specific company or some other specified property. Specific bequests are often the most tax-efficient way to give to the church.

Caution: A specific bequest can be satisfied only with the property designated. If that property has been sold or otherwise removed from the estate, the church would receive nothing in its place.

### Residual Bequest

Designates that the church receive all or a portion of whatever remains in your estate after all named beneficiaries, debts and administrative fees for settling the estate have been paid. The advantage of a residual bequest is that your charitable intentions will not jeopardize the amount you want to bequeath to your primary heirs and beneficiaries. The disadvantage is that there may be nothing left over to fulfill your charitable goals.

### Contingent Bequest

As the name implies, this bequest is "contingent" on some event. Usually, you might make a primary bequest for a relative (e.g. a spouse or child), with the contingency that if that relative should predecease you, the bequest would pass to the church instead.

## Changing Your Will

If you already have a will in place, you do not have to change your entire will in order to add the church as a beneficiary. Usually, all you need to do is to add a clause (codicil) to your existing will, stating your intentions. Codicils, like wills, must be dated and signed, and your signature must be witnessed.

## Tax Benefits and Considerations

When you make a bequest to the church or other charity, your estate is eligible to receive a donation receipt for the full value of your bequest. The executor for your estate can then claim a tax credit for up to 100% of the net income on your final tax return. Any unused credits can be applied against your previous year's income, again up to 100% of your net income. This means that you can make a significant charitable gift, and your estate and heirs reap the tax benefits of your generosity.

### Tax Tips:

- Since capital gains on appreciated stocks, bonds and mutual funds are eliminated when transferred directly to a charity, a specific bequest of publicly traded securities is a tax-smart way to leave a legacy.
- Please note that the income for your final tax return will be determined by the date of your death. If you die in February, for example, your annual net income would be substantially lower than if you die in December. This may mean that your executor may not be able to utilize all of the tax credits to which you are entitled.

### Two examples:

Mrs. X died on February 15th. In her will, she left the church a general bequest of \$100,000. Since she died so early in the year, her taxable income in the year of death was only \$15,000. Her net income for the previous year was \$50,000 of which she gave \$5,000 to the church and to other charities. In Mrs. X's final tax return, the executor can only claim \$15,000 of the \$100,000 donation receipt. The executor can then amend Mrs. X's previous year's tax return and claim the tax credit on an additional \$45,000 in donations. Since the 100% donation limit was reached in both years, however, there is \$40,000 worth of donations ( $\$100,000 - \$15,000 - \$45,000 = \$40,000$ ) that cannot be claimed.

Connie L, a widow, left \$100,000 to the church and the remainder of her estate to her two children. In Connie's case, the entire bequest amount was applied against her taxable income, which was over \$100,000. The combined tax credit is 45 percent, which resulted in tax savings of \$45,000. If she had left the \$100,000 to her children instead of giving it to the church, taxes would have con-