

Your Choice, or the Government's?

Greta Luimes, CFP

It had been a wonderful weekend visiting with the children. He was so grateful for discussions that went deeper than “how’s the weather” and the expressions of love they had openly shared with him. Even in their busyness, they had some realization of the tremendous changes imposed on him by the death of Ella, their mother. His loneliness was too hard to hide, as was his new-found passion for the work of The Mission. Serving on their board and spending time volunteering had filled the void that Ella’s death had created in his heart.

What resonated in his mind were some of the ideas his children had come up with regarding the funding of The Mission. The ideas were new to him but he couldn’t stop thinking about them. He reviewed the progression of the discussion over the last few days.

Apparently, it’s been statistically researched that **over four-trillion dollars** is to be transferred between generations in Canada in the next decade or so. Of that, \$1.5 trillion is in business ownership transfers that will take place before 2015. In fact, some examples they had spoken about had verified that this transfer is already in process. His son had explained to him that with these transfers of assets comes a very healthy tax bill that the Canadian government is anxiously awaiting the payment of. Because the markets in the west have been so generous with their returns over the last few decades and because investors have become very astute, this tax bill continues to rise.

However, they had gone on to talk about what can be done to make sure people know there are alternatives to paying those high taxes. Financial advisors sometimes borrow a phrase from Globe & Mail writer, Tim Cestnick, and present this to clients as a *Social Capital* choice.

- The first choice, which happens by default, is that the taxes get paid to the Canadian government who then decides how the money will be used.
- The second choice means some planning in advance so that individuals decide on making gifts to their own charities and ministries, offsetting any taxes that might have been mounting.

It seems obvious that most people who are at all philanthropic or who have a heart for the welfare of others would prefer the second choice. It also seems much more Biblical to him.

Is the requirement for planning in advance the reason why so few people act on the second choice? Or is it a lack of knowledge? Certainly it can’t be because of a lack of interest! His excitement peaked as he thought about how the work of The Mission could benefit so greatly if people had an awareness of how simple it would be to direct some of their hard-earned assets to charity instead of paying such high tax bills at death. (see [Social Capital Choices on page for more details](#))

So, now he needed to make it his purpose to educate others about the *Social Capital* choices before them. It all seems so simple, but somehow there are so many who simply do not know the options available to them and the extent of GOOD that could be done. He was just a simple man, and if he could grasp the concepts available to him, so could the others who had a heart for the work of The Mission. If it could be beneficial for them, how many other ministries and charities could be supported through the responsible planning of families and individuals? It was time to get talking.....

Endnote: It's so important to speak with your financial advisor, lawyer or accountant about the Social Capital options that are available for you. The default option has few benefits for the charities and ministries that are close to your heart.

Please refer to previous issues of the Christian Advisor for stories related to:

- Giving through a Will,
- Giving through the drawing down of registered assets (RRSP, RRIF)
- Giving appreciated securities.

Greta Luimes is a former partner of an independent financial planning organization and has worked with charities for the last five years, including the past two years with the Canadian National Christian Foundation (CNCF). She is a Certified Financial Planner whose experience has centered on Charitable Gift Planning strategies to enhance the work of God's Kingdom.