WILL BEQUESTS

Information Sheet

Your Will is the last statement you will ever make so you want it to be a meaningful one. The inheritance you leave to your children is about more than the monetary assets of your estate. It is about their best interests and the values you want to pass on. The choice to leave a charitable gift in your Will can leave a wonderful legacy. Charities can be named directly in your Will but if you decide to make a change, it will mean visiting your lawyer to change your Will. Another alternative is to leave the total charitable gift in your Will to a public foundation like CNCF, with a letter of direction provided to them indicating your wishes for the distribution of the gift to the charities of your choice. This offers a very flexible situation, as well as the opportunity to make your gifts anonymously while making things simple for your executor.

Gifts made by Will

Donations made in a Will can take one of three forms:

- an **outright bequest** of a specified amount or percentage of the estate (e.g. "I instruct my trustees to pay $x to the Canadian National Christian Foundation");
- a **residue of estate bequest** means charity receives all or a percentage of what remains of the estate after paying taxes, debts, expenses and making of distributions. (e.g. "My Estate Trustee shall pay or transfer to CNCF all of the rest, residue and remainder of my estate…")
- an **alternate/contingent bequest** that provides for a gift to CNCF only if another beneficiary is not alive to receive the gift (e.g. "I instruct my trustees to pay $x to my brother John Brown, provided that if my brother is not living at my death such amount shall be paid to the Canadian National Christian Foundation");
- a **testamentary trust** under which a part of the estate is held in trust to provide for the needs of one or more beneficiaries until a specified time, after which whatever is left is given to CNCF (e.g. "I instruct my trustees to hold $x in trust and, at their sole discretion, to pay all or any of the income or capital of such trust to or for the benefit of my spouse while he is alive and, upon his death, to pay the balance thereof to the Canadian National Christian Foundation").

Tax Effectiveness

There may be limitations to the tax effectiveness of donations made under a Will. Examples include:

1. An estate will obtain a tax credit for donations made at death under a Will. However, regardless of the actual amount of the donation, the tax credit cannot exceed an amount equal to 100% of the donor's income in year of death and in the year prior to death. Accordingly, any donations over and above

2. All of the property owned by a person at death, including money that is ear-marked for a donation to a charity, forms part of his or her estate and may be subject to probate fees.

Therefore, naming charities as beneficiaries of life insurance policies and/or registered investment accounts (RRSP, RRIF, TFSA) ensure the entire proceeds are gifted directly without passing through the Estate and being subject to probate fees.

The information contained in this document is very general in nature. A prospective donor should obtain professional advice prior to implementing a sophisticated giving plan. On request, CNCF will be pleased to assist a donor's professional advisors in this regard.