Planning the Legacy of Your Faith

A Guide for Our Parish Members

(Updated September 1st, 2015)

“...let your light shine before others, so that they may see your good works and give glory to your Father in heaven.”

Matthew 5:16
Introduction

This booklet provides an outline of the options open to you in planning the legacy of your faith. It also describes the basic steps to be followed in creating the legacy through a bequest or gift to your parish.

The objective is to assist you in formulating a legacy plan that will:
- Benefit the missions of the church;
- Provide a lasting legacy of your faith; and
- Provide a financial benefit to you or your estate by employing a tax efficient approach.

This booklet is intended to stimulate and support communication between you and your financial and legal advisors, thereby helping you achieve your legacy goals.

What Types of Gifts Can Be Used to Create the Legacy of Your Faith?

There are three types of gifts that can be used to create the legacy of your faith. They are: 1) gifts that you give now and that obtain a current year tax saving; 2) gifts to be given in the future, resulting in future year tax savings; and 3) gifts that provide an immediate benefit and that you continue to use during your lifetime; i.e., gifts that give back.

Gifts for the Present

Cash
Outright gifts of cash are most suitable for those with significant cash or GIC investments who are looking for an opportunity to support a current ministry programme while enjoying income tax savings of up to 40% of the gift amount.

Appreciated Property
Appreciated property, which could attract significant tax on capital gains, can be sheltered through the donation of the property. Gifts of property may also form part of a Charitable Remainder Trust or a Gift of Residual Interest. (See page 5.)
Publicly Traded Securities
Gifts of publicly traded securities offer an opportunity for donors to combine charitable giving with significant income tax savings. The capital gain on a direct gift to the church is reduced to zero while the donation receipt is for the full market value of the securities transferred.

Note: If the real estate or securities have decreased in value since they were acquired, they should be sold before making the gift, thus establishing a capital loss and a potential tax deduction.

Gifts for the Future

Bequest (See pages 11 & 12 for a discussion on wills)
A bequest to the church through a will establishes a legacy and reduces income tax in the year of death and possibly the prior year. A bequest can take any of several forms. Following are examples.

- General
  A general bequest is for a certain dollar amount of property, usually cash: "I give to The Parish of St. Anywhere the sum of $100,000..."

- Specific
  A specific bequest directs that the Church is to receive a specific piece of property: "I give 500 shares of XYZ stock..."

- Residual
  A residual bequest designates all or a portion of whatever remains of an estate after all debts, taxes, expenses and other bequests have been paid: "I give . . . fifty percent (50%) of the rest, residue and remainder of my estate..."

- Contingent
  A contingent bequest takes effect only under certain conditions: "In the event that my wife does not survive me, I give to (legal name of parish, diocese or other ministry) the sum of $10,000."

In addition to the choice of form, the donor also has options as to the purpose for which the bequest will be used. While most bequests will be “for the general purposes the Church at the discretion of the Parish Council”, the donor might choose to also make a restricted bequest to be used for a particular programme, ministry or church project.
However, avoid being too specific. If the named programme or project no longer exists when the time comes, there will be a problem.

Subject to diocesan or parish policies, the donor may specify that the principal of the bequest is to be held as endowment from which only the income is spent. Alternatively, the donor may wish to establish a named fund in the donor’s name or as a memorial to a family member, friend or colleague. For any of these purposes, you or your advisor should consult in advance with the Diocesan Gift Planning Consultant (contact information is on page 8) to ensure that your wishes can be met and that the bequest provision is properly worded.

**Life Insurance**

Gifts of life insurance can provide a significant future gift to the church at a modest present cost. For the gift of a paid up policy, the donation receipt will be based on the paid up value. If not fully paid up, the donation receipt will be for the present cash value. Future donation receipts will be available for the annual premiums paid. The church must be owner and beneficiary of such a policy. When the donor dies, the Church as beneficiary receives the proceeds of the policy. Other life insurance strategies may be employed to satisfy family concerns.

**Stripped Bond**

A Stripped Bond is a corporate or government bond from which the interest coupons have been stripped away. Instead of paying income to the holder, it is sold at a discount for much less than its future redemption value. Tax is payable each year on the growth in the bond’s value. However, when the bond is purchased and donated to a church, neither the buyer nor the church is taxed and its value increases tax-free, often doubling or tripling before it matures. The donor will receive a tax receipt for the cost of the stripped bond and the church will receive the full proceeds on maturity.

**RRSP’s and RRIF’s**

A Gift of Retirement Funds may be an appropriate planned gift for the surviving spouse of a couple. Registered Retirement Funds are fully taxable upon the death of a surviving spouse. A gift of Retirement Funds to your Church may completely offset the tax otherwise payable by the donor’s estate.
Gifts that Give Back

Annuity
A Charitable Gift Annuity provides both a gift to the church and guaranteed payments for life to the donor and/or spouse. The annuity payment will usually be higher than G.I.C. interest and often most of the annuity payments are tax-free. Every donor receives an immediate donation receipt for part of their contribution. Annuities are most appropriate for those with surplus cash or low yield GIC’s and who desire an improved cash flow from their investments.

Residual Interest
A Gift of Residual Interest may be a gift of a residence, cottage or a valuable piece of art. The donor retains the right to use and enjoy the property while living. In each case the donor receives a donation receipt, at the time of transfer, for the present value of the gift. Such a gift is most often made by those who have a need for a current tax deduction for property they ultimately wish to leave the church.

Charitable Remainder Trust
A Charitable Remainder Trust is a deferred giving arrangement under which one irrevocably transfers property (cash, securities or real estate) to a trustee. The donor retains the right to the income from the trust, either for life or a specified number of years. At the end of that time, the trust principal becomes a gift to the Church. The donor receives a donation receipt for the computed present value of the future gift. This arrangement may be best suited to those with a sizeable estate in order to maximize charitable goals.

Creating a Legacy: The Basic Steps
1. Speak with the Rector or a Parish representative. Explore the idea of a legacy and what it will mean to the Parish and to you.

2. Discuss your desire to leave a legacy of your faith with your financial and legal advisors. Find out what your options are. Determine what the impact will be on your estate and your beneficiaries. If you need more details, you or your advisor(s) can consult with the Diocesan Gift Planning Consultant or Resources for Mission at the Anglican Church of Canada. Their contact details are on page 8.
3. If you do not have a will, have one drawn up by your legal advisor. If you have a will, decide how you wish to have it amended.

4. Advise the Rector that you have made provision for a legacy of your faith so your bequest or gift can be acknowledged.

5. Periodically review your will with your legal advisor. Circumstances change and your will may need adjusting to remain consistent with your wishes.

Frequently Asked Questions

Who or what should be named as the recipient of a gift or bequest to St. Anywhere?
The recipient will depend on the nature of the bequest or gift. The Diocesan Gift Planning Consultant can advise your legal advisor on the specific wording that should be used to fit your specific bequest or gift.

What happens to my gift or bequest when St. Anywhere receives it?
In general, gifts and bequests that are not already in cash are converted to cash. Once received, all cash is deposited in the St. Anywhere Memorial Trust Fund. Funds that have been given or bequeathed for a specific purpose or ministry are withdrawn from the trust fund when needed. Gifts of stripped bonds or charitable gift annuities require special handling and are administered by the National Office of the Anglican Church of Canada on behalf of the diocese or parish.

Who is responsible for managing the St. Anywhere Memorial Trust Fund? The St. Anywhere Memorial Trust Fund is managed within the Diocese Consolidated Trust Fund (CTF). The CTF is managed by an investment sub-committee of the Diocese Property and Finance Committee.

How is the money invested?
The Investment Sub-Committee recommends risk tolerance levels and an investment strategy for the CTF to the Diocese Property and Finance Committee. That committee then establishes the risk profile and approved strategy which are executed by a professional investment firm. The investment mix is usually made up of Government and corporate bonds and blue chip Canadian and foreign stocks.
**How will a legacy of my faith affect the income tax payable by me or my estate?**

Generally all straightforward bequests and gifts will qualify for tax credit and will reduce the amount of tax payable in the applicable tax year by up to 40% of the value of the gift. In addition, capital gains tax is not paid on gifts of appreciated property and securities. The donor receives a donation receipt for the fair market value of such property and securities.

Some conditional bequests may not qualify for income tax credit. The assessment of the tax efficiency of specific bequests or gifts is best left to advisors whose business it is to know income tax law and regulations.

**How does St. Anywhere acknowledge gifts and bequests?**

There are a number of ways that legacies of faith can be acknowledged. This is a matter that should be discussed with the Rector. You should let the Rector know if you have something specific in mind. St. Anywhere will do its best to provide a suitable and meaningful acknowledgement of your legacy.

**Your Questions**
For Additional information
If you or your advisor(s) would like to discuss anything in this booklet, please contact one of the following:

St. Anywhere Anglican Parish
Reverend Jane Doe
St. Anywhere Anglican Church
XX Anywhere St.
Anywhere, Ontario XXX XXX
Tel: XXX-XXX-XXXX
E-mail: revjd@gmail.com
Web Site: www.stanywhere.ca

Anglican Diocese of Ottawa
Jane Scanlon
Diocesan Gift Planning Consultant
The Anglican Diocese of Ottawa
71 Bronson Avenue, Ottawa ON K1R 6G6
E-mail: jane-scanlon@ottawa.anglican.ca
Web Site: http://www.ottawa.anglican.ca/
Planned_Giving.htm

Anglican Church of Canada
General Synod of The Anglican Church of Canada
Resources for Mission,
80 Hayden St., Toronto, ON M4Y 3G2 Telephone (toll free): 1-888.439-GIFT (4438)
Web Site: http://www.anglican.ca/gifts/planned-giving

Add a Contact
# Your Advisors’ Contact Information

For your future reference, complete the sections that apply to you.

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Your Will – Some ABCs
When you leave this world, if you do not have a will, the laws of Ontario will determine how and to whom your estate is divided. If you want to make such decisions yourself, you must have a will.

Property Covered by Your Will
Your will governs property that is:
- In your name alone;
- Owned by you and others, as tenants in common; and
- Payable to your estate in the event of your death (for example, proceeds from life insurance policies and retirement plans).

Other Property
Other property passes to beneficiaries outside of your will. Examples include:
- Real estate and bank accounts held in joint tenancy;
- Life insurance proceeds paid to named beneficiaries;
- Pension benefits paid to a spouse or children;
- Shares held subject to a shareholders’ agreement; and
- Property held in trust.

Preparing to Write a Will
Before seeing a legal advisor, to save time and expense, you should do the following:
- Make a list of everyone for whom you are responsible.
- List everyone you would like to remember in your will including charities or causes that have been meaningful to you.
- List all of your material assets.
After subtracting your debts...
- Match the names of your beneficiaries with the assets or a portion of your total estate. Take care of your family first. This is also the time to consider special friends and your church.
- Consider estate planning strategies that will achieve your goals with maximum tax efficiency. You may wish to have your financial advisor contact the Diocesan Gift Planning Consultant to identify options that are available to you and appropriate to your situation.
- Appoint an executor who is both willing and able to do the job.
• Consult with the people you select as guardians of your minor children to be sure they are willing to serve.
• Talk with your priest to explore the activities or ministries that could best be funded by a gift from your will - the legacy of your faith.

Ensuring Your Will is Up-to-date
If you have a will, you may need to adjust it if any of the following have changed:
• Your marital status or that of any of your children;
• Your immediate family membership (new children or grandchildren?);
• Your province or country of residence;
• The size of your estate;
• Business interests.
You should also adjust your will if:
• Persons named in your will have died or undergone changed circumstances;
• The individual you have named as executor is no longer able to fulfill the attendant duties and responsibilities; or
• You have decided to leave a legacy of your faith to your church.

Making Changes without Drafting a New Will
There are two ways to change a will without incurring the expense of preparing a new one.
1. Add a codicil to an existing will. This is an amending document, dated and witnessed, that could change an existing provision or add a new one. A bequest to the church would only require a simple codicil, unless it would have a major effect on the distribution of your estate.
2. Keep a list or inventory of your jewellery, furniture, artwork and other tangible property with the name of the person who is to receive each object. As you acquire or dispose of items, you can change the list without changing your will. Such a list is not legally binding. However, if it is referenced and identified in your will, your wishes will likely be respected.
For More Information
You should consult your legal and financial advisors about making or changing your will. If you are planning a legacy of your faith, you or your advisors are encouraged to contact St. Anywhere or the Diocesan Gift Planning Consultant for detailed information on how to go about it and the language to be employed.

Planning the Legacy of Your Faith

Notes

This booklet has been prepared by the Stewardship Committee of St. Thomas the Apostle Anglican Church, Ottawa. It has been reviewed and approved by the Parish Council of St. Thomas the Apostle Anglican Church and the Stewardship Development Office of the Anglican Diocese of Ottawa.