
**Will the legacy
you leave
reflect the life
you lived?**

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Your Will can make a difference

A staggering 60 percent of all Canadians lack a current, up-to-date Will or do not have one at all. If our Will is the last statement we will make, it is important that it be a meaningful one. Many people are not aware of the benefits of good planning, the variety of options available, and the potential tax implications of certain decisions

Whether you feel your estate is large or small, we are confident that you can benefit from good estate and will planning.

Jesus had much to say about money and possessions. As we intentionally pursue Him, we grow in our desire to follow Jesus in all areas of our life, including this one. We learn to be good stewards of all we have yet, too many don't consider how it will be used when our lives are over. **We need to be as thoughtful and as good a steward of our resources when passing them over as we are in our lifetime.** A good plan can help you create a Will that speaks to your life and your faith.

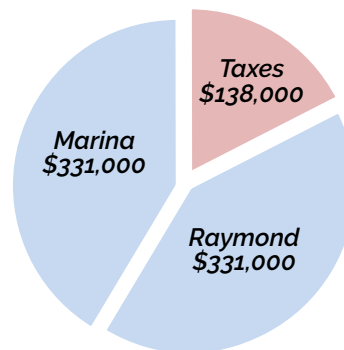
This information booklet contains articles, examples, ideas and graphics that will explain the power of good estate planning. It is not intended to be advice for your specific situation but rather help you better understand some options that may be available to you. We have a partnership with Advisors with Purpose and you will see that throughout this booklet, you will be encouraged to connect with them directly to create your own estate plan that expresses your own faith, wishes and life. As our gift to you, their services are free, confidential, there is no obligation and we promise that no one will try to sell you anything.



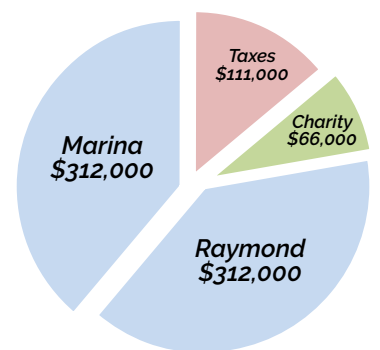
How are you going to *slice* your pie?

Donna and Dave are a couple in their 50's who have been married for 36 years. They have two adult children, and now an estate valued at \$800k. They realized their Will was out of date and wanted some help in making the best decisions for them and their family. After thoughtful discussions with their advisor, they learned they had several options to consider. **They were surprised to hear that, in addition to substantial gifts to their children, they could also leave to the charities that they were passionate about** and offset some of the taxes owing. These pie charts show some of the options available to them.

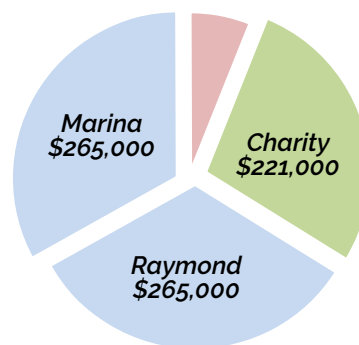
Without Charity



A 10% Gift to Charity

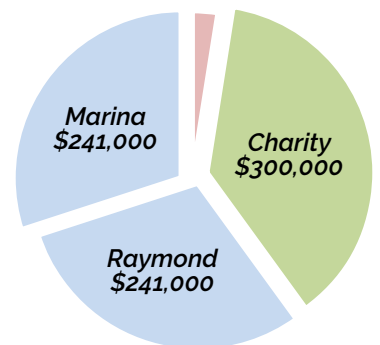


Taxes \$49,000



Charity as Another Child

Taxes \$18,000



Charity as a RRSP Beneficiary

Please note that tax calculations are based on rates in a specific province and the client's assets, if liquidated, as they are today—since assets would be deemed to be disposed of at passing. All figures are general and for illustration purposes and have been rounded to the nearest thousand. It should not be considered as advice for your own situation.

RRSPs, Estate Planning & Your Will



REGISTERED RETIREMENT SAVINGS PLANS OR RRSPS AS THEY ARE COMMONLY KNOWN, ARE PLANS THAT ARE REGISTERED WITH THE GOVERNMENT, THESE PLANS ARE STRUCTURED TO BE USED AS INCOME DURING RETIREMENT.

The money you invest in an RRSP is not taxed during the year of the contribution. The taxes on RRSPs are deferred until the time that the funds are withdrawn from the RRSP account at which time they are taxed as income.

When the owner of an RRSP passes away the amount of the RRSP becomes fully taxable as income in the year of death.

The tax liability can be deferred if a living spouse is named as the beneficiary on the RRSP. In the case of the living spouse, the funds in an RRSP will rollover to the living spouse tax-free. In many cases, this is the most efficient way for an estate to deal with RRSP assets.

You can designate a beneficiary on RRSP's. Designating a beneficiary on RRSP accounts allows you to leave funds directly to the

beneficiary bypassing the probate process. However, the tax liabilities on the RRSPs are directed to the estate and then to the beneficiary if the estate is unable to cover the liability.

In addition, you can name a beneficiary for your RRSP using your Will & have your RRSP distributed through your estate, however, the designated beneficiary on the plan will commonly take priority over the Will if there is a conflict.

From an estate planning perspective, the RRSP can be a very inefficient asset as its fully taxable at death. Donating all or part of your RRSP to charity at death can be an efficient way to support the causes that you are committed to while reducing tax liabilities and making your estate more tax efficient.

When it comes to estates, it's essential to actively plan, and focus on ensuring that your estate is tax-efficient and that you have an organized plan of action. The difference between planning and a lack thereof can significantly affect your legacy to your family and the causes that you wish to support.

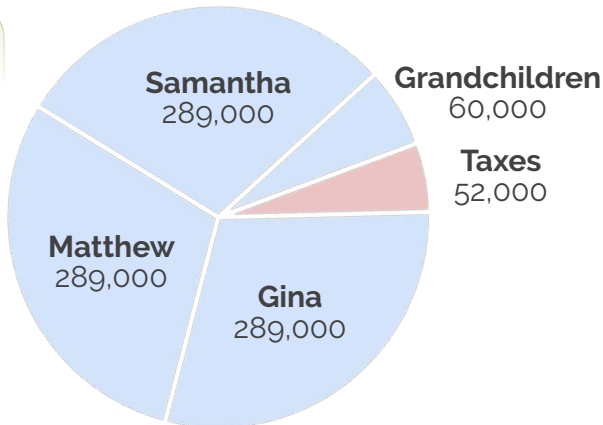
PETER AND JOAN



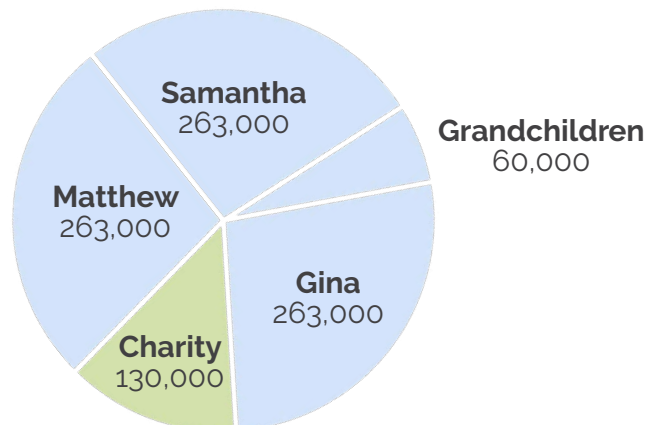
Peter has recently retired and is enjoying new volunteer opportunities while **Joan** is enjoying working part time as a tutor. They have three children all of whom have grown and moved out of the family home. They have 3 grandchildren and love to spend as much time with them as they can. Recognizing their Will had not been updated since their children were still in their teens. **They had already decided that they wanted to leave a gift to their children but also wanted to**

include something for their grandchildren. They explained to their estate advisor that they hoped that their grandchildren would pursue post secondary education, so they have set up an education plan (RESP) for each grandchild with a goal of \$20,000 for each. **They learned that they would need to include this in their Will, so that the parents of the grandchildren can continue to manage the RESP should they pass away before their education is complete.**

Without Charity



Charity Beneficiary of Registered Accounts



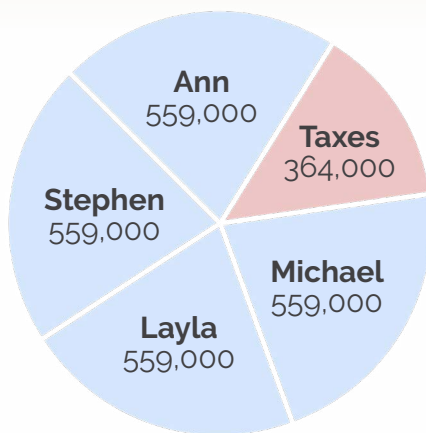
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RYAN AND JULIE

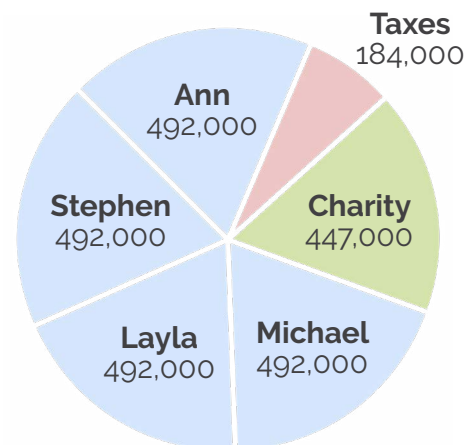


Ryan and Julie are an active couple in their mid 70's who have recently sold their home and downsized to a smaller home closer to their 4 grown children. With their situation changing, they knew it was a good time to revisit and update their Will. They understand that life can be expensive and would like to help their children and grandchildren with the costs of life, but they have always taught their children about living generously and would like to continue to do so through their Will.

Without
Charity



A Child Called
Charity

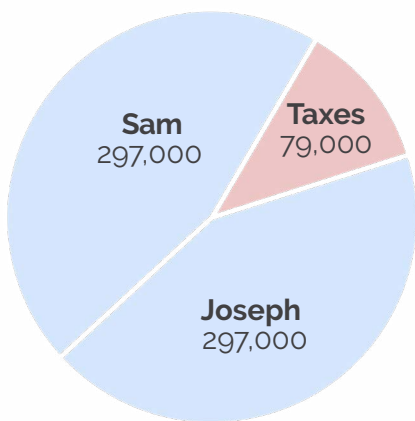


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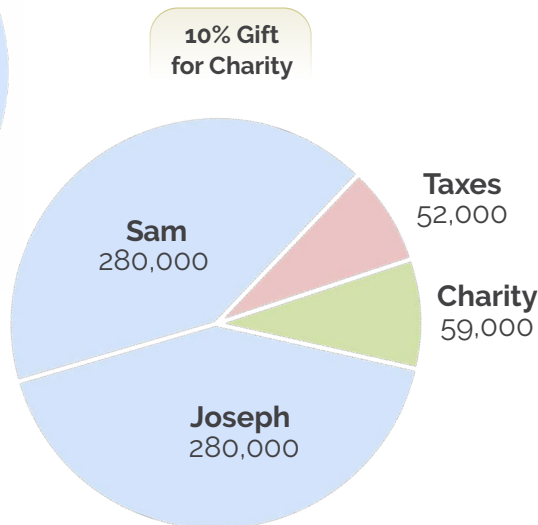
ROB AND HANNAH



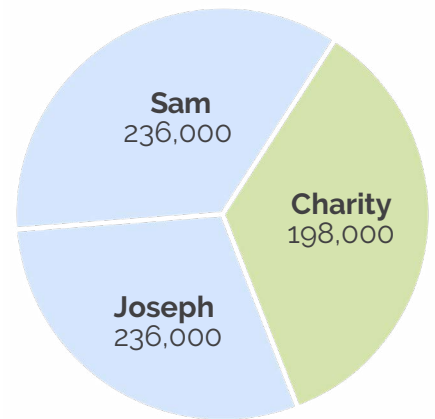
Rob and Hannah are loving and devoted parents who find joy in dedicating time to their family, friends, church, and charitable endeavors. Together they reside in their family home, raising their 2 children. Throughout their lives, they have consistently strived to be responsible stewards, mindful of their actions and choices. **With a deep-rooted faith and a sincere longing to lead a life of generosity, they are determined to ensure that their Will reflects their values and beliefs. They were surprised to hear that, in addition to substantial gifts to their children, they could also leave to the charities that they were passionate about and offset some of the taxes owing.**



Without Charity



10% Gift for Charity



A Child Called Charity

Please note that tax calculations are based on rates in a specific province and the client's assets, if liquidated, as they are today—since assets would be deemed to be disposed of at passing. All figures are general and for illustration purposes and have been rounded to the nearest thousand. It should not be considered as advice for your own situation.

Leaving a Lasting Legacy

—RAY BORG



Legacy

“One thing I do. Forgetting what is behind and straining towards what is ahead, I press on towards the goal to win the prize for which God has called me heavenwards in Christ Jesus.”

—Philippians 3:13-14

A couple of weeks ago, I was teaching at a day-long seminar on marriage and money, exploring the issues related to money that disrupt our intimacy with our spouses and our relationship with the Lord. At one point, I addressed the issue of legacy. Many leaders in the Bible started out well but, in the end, lost their way and did not finish well. Solomon is a prime example of having gained abundant wealth but losing his testimony and soul in the process.

I have found myself pondering the concept of a 'legacy' and wondering what this really means. The dictionary describes 'legacy' has to do with two ideas – “an amount of money or property left to someone in a will” and “the long-lasting impact of particular events, actions, etc. that took place in the past, or of a person's life.”

Fascinated by these descriptions, I pondered what this concept might mean to me. I know there is much one can read about leaving a financial legacy for our spouses and children. I know that means planning now for future days.

However, the more I thought about it, I also recognized that **I want to leave more than just a financial legacy but also a legacy of impacting my children and others by how I walk out and model my faith journey. My**

prayer is that it is done with genuineness, transparency, and sincerity and I leave behind a testimony that is unblemished.

I do believe these two areas are intimately intertwined - one impacting the other. How I manage my finances impacts my children and others but also hopefully reflects my faith journey and my desire to be a good steward of all that God has entrusted to me.

Decisions we make today help determine what type of legacy we will leave as we transition at the end of life. **Our children and others watch how we walk this area out in our lives. Even from an early age, we influence their perspective of giving and sowing into the Kingdom.**

Several further questions came to mind. Does my testimony, that being my words and actions – do they exemplify what I believe and value both spiritually and financially? Are they not only connected but are they congruent with one another – not being at the expense of the other?

I am decided that this integrity of mind, thought, and deed really matters to me. I do want to run the race with purpose and not aimlessly, going in circles and not going anywhere. I want to be single-minded and to maintain my focus and priorities. I want to leave a lasting legacy both spiritually and financially.

Have you asked yourself what legacy you wish to leave?

—Ray Borg is the Director,
Donor & Community Care at Notmine.ca,
a ministry of Financial Discipleship Canada

A Fresh Purpose for your Policy



You may have purchased life insurance to ensure your family would be taken care of should something happen to you. Now your family is grown and the original purpose may no longer be needed but a generous death benefit is still in place.

Choosing charities as the beneficiary of your policy could be an incredible gift to the work of organizations that are close to your heart. Your estate will receive a donation receipt for the full value of the death benefit which could help offset tax liabilities.

Did you know?



Giving of non cash assets may be a great option. The benefits of making non cash donations such as shares, mutual funds and other securities to the charities of your choice are quite clear. You will likely have a capital gain on the assets if their value at the time of donation is greater than their value at the time you got them. Normally, 50% of the capital gain must be treated as taxable income. When appreciated securities are transferred 'in kind' to a registered charity, Canada Revenue Agency (CRA) deems that any **taxes resulting from a capital gain are completely eliminated.**

Gift of your Shares directly to a charity

Sale of Shares and Gifting of Proceeds

Value of Shares/Proceeds of Sale	\$50,000	\$50,000
Original Cost of Shares	\$10,000	\$10,000
Gross Capital Gain	\$40,000	\$40,000
Taxable Portion of Capital Gain	\$0	\$20,000 (50%* of Gross Capital Gain)
Tax Bill to be Paid	\$0	\$10,000
Gift to Charity	\$50,000	\$40,000 net of taxes
Gift tax credit	\$25,000	\$20,000
Cost to Donor (includes tax credits)	\$25,000	\$40,000

*actual amount depends upon tax bracket and province of residence.

*after taxes

**All figures are approximate. This information is not intended as legal or financial advice. We encourage you to consult a qualified professional to discuss tax-efficient ways to include a legacy gift in your estate.

Blended Families, Wills & Estate Planning



BLENDED FAMILIES OR STEPFAMILIES REFER TO FAMILIES THAT FORM WHEN YOU & YOUR PARTNER BUILD A LIFE TOGETHER WITH CHILDREN FROM PREVIOUS RELATIONSHIPS. BLENDED FAMILIES OFFER THEIR OWN UNIQUE SET OF CHALLENGES WHEN IT COMES TO WILLS & ESTATE PLANNING. PLANNING THE DISTRIBUTION OF YOUR ESTATE AND ENSURING ADEQUATE COMMUNICATION IS VERY IMPORTANT IN A BLENDED FAMILY.

In any family, the distribution of the estate has a significant emotional impact on your heirs. As a result, the distribution of the assets is more than just the distribution of financial assets, there is also a significant emotional investment on the part of your beneficiaries. In addition to tax efficiency and fair distribution, the emotional impact of the distributions is significant and needs adequate consideration.

Most couples plan to leave everything to their spouse on death. This may not be the case with blended families due to obligations to prior spouses, separation agreements,

and responsibility to children from previous marriages. Often, in blended families, spouses do not wish to leave everything to the living spouse. It's important to plan and ensure that all your goals are clarified with your spouse and as part of your will.

Ensuring that your beneficiaries have a solid understanding of your wishes and the reasoning around your decisions can prevent interpersonal issues that may arise between your beneficiaries after your passing. In addition, a clear and concise Will is extremely important to ensure that your assets are correctly distributed as per your wishes.

In blended or stepfamilies, all these concerns around estate planning are magnified. The scale of planning required within blended families can vary widely, depending on the financial practices and current distribution of assets among spouses. If you are a member of a blended family, it's important that you have a plan for your beneficiaries, and a high level of clarity with them to ensure that the distribution of the estate is done smoothly and efficiently.



Capital Gains & Estate Planning

THERE IS MUCH TRUTH TO THE OLD MAXIM THAT 'NOTHING IS CERTAIN EXCEPT DEATH AND TAXES'. WISDOM SUGGESTS THAT IF SOMETHING IS 'CERTAIN' THEN YOU NEED TO PLAN FOR IT. FROM A PLANNING PERSPECTIVE, IT'S WISE TO KEEP IN MIND THAT 'DEATH' AND 'TAXES' OFTEN GO TOGETHER.

A 'Capital Gain' refers to the increase in value over the adjusted cost base and any expenses incurred to sell the property. At the time of death, capital assets are treated as if they have been sold even if they haven't been and taxes become due as if a sale had occurred, this is referred to as 'deemed disposition'.

Since the tax liability comes due even though no sale has taken place, this can create an urgent need of cash in the estate to ensure that there is enough to cover any taxes owed. This is especially important if you would like your beneficiaries to keep the asset. This is often the case with summer cottages or vacation properties where a parent wishes to keep the property in the family so that they can enjoy it for generations to come. To retain the

capital asset, it's important to ensure that the estate and/or the beneficiaries have enough to manage the potential tax implications.

For surviving spouses, the capital property can be transferred at the adjusted cost base or the fair market value whichever is more advantageous. The choice of transferring assets at the adjusted cost base or the fair market value can be done on an asset-by-asset basis.

Capital losses can be used to offset capital gains from the previous three tax years & to reduce income on the final return and/or the year before death.

When it comes to estates, it's essential to actively plan, and focus on ensuring that your estate is tax-efficient and that you have an organized plan of action. The difference between planning and a lack thereof can significantly affect your legacy to your family.

Adequate planning around capital gains can be the difference between ensuring a smooth transfer of capital assets to your beneficiaries or a situation where your beneficiaries are forced to sell these assets to ensure that the estate is sufficiently funded to meet tax obligations.



Estate Planning with Disabled Heirs in Regard: *RDSPs & The Henson Trust*

PLANNING FOR THE CARE OF DISABLED CHILDREN OR GRANDCHILDREN IS COMMONPLACE IN MODERN FINANCIAL & ESTATE PLANNING. DISABILITIES CAN INCLUDE A WIDE RANGE OF PHYSICAL AND MENTAL LIMITATIONS AND ARE USUALLY ELIGIBLE FOR THE CRA DISABILITY TAX CREDIT.

Often, having a disabled heir can raise concerns of helplessness when you consider succession & estate planning. In particular, the idea that a vulnerable family member, may someday, have to take on the responsibilities associated with an independent life can be quite distressing.

Fortunately, there are significant financial tools, grants, and tax incentives available to ensure that the vulnerable disabled person within your family can be adequately cared for after your passing.

Specifically, the Registered Disability Savings Plan (RDSP) and the Henson Trust are financial tools that specifically address the needs of disabled heirs.

The Registered Disability Savings Plan (RDSP) exists to help save for the long-term financial stability of those with a disability. Care and attention should be paid to this program and its benefits by any family with a member that experiences a long-term disability. Professional help is advised to make sure this program is utilized appropriately for your situation. The RDSP can allow for generous government grants and bonds that may significantly increase the amount of savings for eligible persons with a disability. Parents or grandparents of a financially dependent child or grandchild with a disability can arrange for some or all of their retirement

savings to be transferred (tax-free) to their Registered Disability Savings Plan (RDSP) when they pass away.

Your estate plan should make special provisions for your disabled children or grandchildren, especially if they are unable to provide for themselves and/or are dependents of yours. Many years ago a precedent was established which has been carried forward and used for many others. The Henson Trust is an Absolute Discretionary Trust, which sprinkles income to a beneficiary with a disability. Such a trust is of value only to beneficiaries who receive financial assistance from a provincial benefit program for people with disabilities) because it allows receipt of occasional benefits such as an inheritance, but not a regular income stream.

Since there's no right to income or capital in the Henson trust document, and the trustees can withhold income and assets from the beneficiary, it's not considered an asset or income of the disabled person, under provincial benefits definitions. For the trust to be effective, the trustee must hold absolute discretion. This is key. Not all provinces recognize Henson Trusts and regulations can change, so Henson Trusts are continually being challenged. The following provinces allow Henson Trusts: Ontario, Alberta, British Columbia, Manitoba, New Brunswick, Nova Scotia, and Saskatchewan.

When it comes to estates, it's essential to actively plan, and focus on ensuring that your estate is tax-efficient and that you have an organized plan of action. The difference between planning and a lack thereof can significantly affect your legacy to your disabled heirs.



Keeping the Vacation Property

JERRY AND DIANE HAD ALWAYS ASSUMED that their family vacation property would be passed down to their children to be enjoyed for generations to come. They bought the property 40 years ago with the hope that it would be a place for quality fun and bonding with the family. **However, they recently learned from a friend that the appreciated value of the property could result in a significant tax bill for their estate.**

Their estate specialist helped them review their Will and estate and showed them how they could make a charitable donation through the liquidation of other assets. **This would bring the tax bill on the vacation property down to 'zero' and also allow them to donate a sizable portion of their estate to charities they cared about.**

In addition to fulfilling their wish of passing on the property to their family, this strategy allowed Jerry and Diane to redirect a considerable portion of their estate that would have gone to taxes towards several charities that were close to their hearts.

Will the legacy you leave *reflect the life you lived?*



Working with the estate specialists at Advisors with Purpose will answer questions about your estate and craft a plan of real significance and real impact.

Advisors with Purpose is part of the Financial Discipleship Canada family. Our services are available through our relationships with our Partner Charities. We offer planned giving specialists who can help you think through your decisions regarding your estate and ensure that your estate plan and Will reflects your life, faith and values.

Because of your support, we would like to offer you the opportunity to create an estate plan with one of their advisors. It is free—our gift to you and there is no catch. No one will try to sell you anything and there is never an obligation to give to us or to any other charity. We believe it is will be a benefit to you and your family.

Why create an *estate plan*?



- to reduce taxes and fees at death
- to integrate your worldview into your will
- to ensure your will reflects your heart and your values and not simply follow assumptions of what should be done
- to help offset taxes that are incurred with RRSPs/RRIFs at end of life
- to plan correctly for the transfer of a cottage/cabin/vacation property and take into account the capital gains taxes
- to ensure that you have chosen an executor who will be able to complete the job effectively
- to consider and prepare for special family situations such as a disabled or exceptional child
- to look at your investments and consider the best options for distribution whether in your lifetime or in your will
- to help ensure your will promotes family harmony and helps avoid conflict over family assets, heirlooms, and expectations
- to prepare and encourage the next generation to be good stewards
- to help you understand which assets are the best ones to give to charity in your will should you choose to do so

Considering all the information and examples given, *we'd like to ask you the following questions.*



Please consider the following questions:

1. Do you have an up-to-date will that you feel reflects the legacy you wish to leave behind? Yes No Unsure
2. Does your will consider potential taxes and fees and does it include strategies to reduce them? Yes No Unsure
3. Does your will/estate plan protect your RRSP or RRIF accounts from taxation? Yes No Unsure
4. Does your will/estate plan include a plan for your vacation property/cottage should you wish to pass it on to others? Yes No Unsure Not applicable
5. Are you certain that you have chosen an executor that understands his/her role and is equipped to carry out what is necessary? Yes No Unsure
6. If applicable, does your will consider the needs of a child with disabilities or exceptionalities? Yes No Unsure Not applicable

Next steps



If you answered no or unsure to any of the questions on the previous page, please keep reading and learn more about the process of working with Advisors with Purpose. **Creating a Will plan with them, is easier than you might think.**

- 1** **Connect with** Advisors with Purpose by email at plan@advisorswithpurpose.ca or phone 1.866.336.3315
- 2** **Set up** an appointment at a time that works best for you
- 3** **Meet an** Estate Advisor by phone or zoom to discuss your situation, ask questions and consider options.
- 4** **You will** be asked to provide information about your assets, heirs and wishes. They will never ask you for account information or passwords. You will only be asked to provide the basic amounts of each so they can give you the best advice possible.
- 5** **We create** a personal plan for you. No two are the same and are crafted according to your needs and plans.
- 6** **Review the plan**, ask clarifying questions, and make decisions.
- 7** **Meet with** your own lawyer and/or professionals to create your Will. An online kit may also be a great option for you after a plan is created.