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**Legacy and Gift Planning: How to maximize philanthropic impact now and into the future**

Estate planning does not need to be complicated. There are more than just cash donations to consider. Experts share tips for lesser-known strategies to help build your legacy.

By [Jessica Kirby](https://www.bcbusiness.ca/author/jkirby)/ **October 3, 2024**

The first step in planning your legacy giving is to decide what legacy you want to leave behind. “Is there a particular cause that was close to your heart? What do you want to be remembered for?” says Craig Hikida, vice president, donor services, Vancouver Foundation.

“Remembering your favorite charities in your legacy plan is an act that is generous, powerful and surprisingly simple,” says Kim Findlay, BC director of development at The Salvation Army. “Legacy gifts provide vital, stable support for our work and whether your estate is large or small, you can make a difference for so many men, women and children in our communities for years to come.”



Because legacy gifts can be of various sizes and invested to fulfill or contribute to a long-term giving strategy, they are often used to fund specific, ongoing programs.

“Legacy gifts are vital to the tremendous advancements we have seen over the years in kidney care,” says Ramya Hosak, director of philanthropy with the Kidney Foundation, BC & Yukon Branch. Some examples include prediction and prevention of kidney disease, developing and improving of dialysis treatment, so kidney patients can dialyse at home, and breakthroughs in life-saving organ transplantation and success. “Legacy gifts will be key to even more discoveries in the years to come,” she says. “We have the power to relieve the burden of kidney disease, but it’s only possible with donors’ help.”

**Choosing a beneficiary**



Greta Shuting Lin, manager, individual giving, Family Services of Greater Vancouver

When choosing a charity, think of organizations that may have supported you or your family in the past. “Leaving a legacy gift to an organization that has benefitted your family is a wonderful way to ensure the organization of your choice can carry out its mission for many years to come,” says Greta Shuting Lin, manager, individual giving, Family Services of Greater Vancouver. “People should also think about the services they want their loved ones and neighbours to have access to in a moment of crisis—like counselling, community connection, or literacy and life skills workshops—the things that make life a little easier in a stressful world.”

Mike Leland, vice-president, engagement & philanthropy, Easter Seals BC/Yukon, recommends taking the time to understand an organization’s mission and program, as well as how effective they are at using donations to create impact and effect change in your community.

“Don’t focus all your attention on the cost to raise a dollar,” he says. “There is no standard on reporting, and every charity does it differently. If they are in and round 35 cents on the dollar, they are being responsible, so focus on the impact they have in the community or the people they are serving.”

**One step at a time**

Hilary Beard, director, gift & estate planning, for BC Children’s Hospital Foundation.

Once donors have decided the causes they wish to support, its essential to start building one’s will. “Without a will, a donor’s assets will be distributed according to law and that may not be what they want,” says Hilary Beard, director, gift & estate planning, for BC Children’s Hospital Foundation. “And if that will is decades old or family situations have changed, it should be updated.”

Beard says BCCHF recommends a seven-step approach to legacy planning that involves establishing a will, committing to a simple plan, determining all assets and liabilities and their value and location, choosing an executor—and choosing wisely, deciding on beneficiaries, deciding on guardians for children and meeting with a professional advisor to make sure all the details are in order.

“When choosing an executor, consider a younger, trusted loved one who is organized and capable with finances, and does not have any financial woes of their own,” Beard says. “When allocating your estate, we suggest using percentages so each beneficiary share rises or falls with the value of your final estate, and you avoid worrying about specific sums that may not be the proportions you want at a future time.”

**Take the road less travelled**



There are many ways to give a legacy gift, some more common than others. “On top of bequests (cash gifts), there are tax-free savings accounts, registered retirement savings plans, endowments, charitable remainder trusts, life insurance policies, securities, and even real estate and art pieces,” Lin says. “A professional can help you navigate what will make the most sense for your unique situation and maximize your tax-savings.”

Findlay notes that a life insurance gift can be as simple as naming a charity as the beneficiary to an existing plan or purchasing a new life insurance policy and assigning the charity as the owner and beneficiary.  “You will receive a charitable donation receipt for the cash value of the paid-up policy or for the amount of the annual premium payments,” he says. “This provides a unique opportunity to make a positive impact in the future while receiving tax benefits today.”

In fact, any gift left in a will, as well as some accounts, including TFSAs, RRSPs and registered retirement income funds can name a direct beneficiary, and this ensures the recipient receives the gift more quickly than if a beneficiary is not named or if a person does not have a will.

“If you do not name a beneficiary, the funds are paid to your estate where they will be subject to probate and executor fees,” Hikida says. “It’s important to note that there can be tax consequences for your estate in naming a beneficiary, and you should discuss this with your tax advisor.”

Charitable gift annuities offer a guaranteed income for life with minimal or no taxes on income paid out. Individuals aged 70 and over benefit most from this type of giving, as they can combine financial security with tax benefits. “This kind of gift works very well if you’re over 70 and require a fixed income,” Findlay says. “You can benefit from your age—the older you are, the higher your annual payments from the gift annuity will be. Another great advantage is that they provide a partial tax deduction for the year they are established.”

A charitable remainder trust allows donors to make a gift where they receive a charitable tax receipt today, and income from the investments in the trust for the rest of their life. “Anything left over will be your legacy to the charity,” Hosak says. “It’s a versatile way of giving that can be tailored for your needs or those of your loved ones. Because a charitable remainder trust is irrevocable once set up, it’s important to take this decision in discussion with your family as well as financial and legal advisors.”

**Donor advised funds, private foundations**



From a financial planning perspective, Garry Zlotnik, CEO of ZLC Financial, points to the growing popularity of philanthropists establishing donor advised funds, where the donor directs where their philanthropy is applied from a designated fund within the public foundation. “The advantages are that the set-up and ongoing management costs for a DAF are lower than a private foundation,” he says. “Further, the investment can be professionally managed and have the benefit of lower investment management fees by pooling of all foundation assets. A donor advised fund can provide a lasting legacy beyond a person’s lifetime, and future generations can be involved in deciding which organizations will benefit.”

Another option, particularly for estates with more than $5 million in funds, is to set up a private foundation, which is separately registered with Canada Revenue Agency and the donor manages the charitable returns and annual financial statements on their own.

“We recommend speaking to a financial advisor before making any big decisions to understand the benefits of leaving a legacy gift, as well as the various ways to leave a legacy gift,” Leland says. “There are several options that can benefit both you and the organization you’re giving to.”

**The tax advantage**



Legacy gifts are eligible for a tax-receipt for 100% of the gift value, with some types of gifts providing tax benefits now, and some to the estate. This is an important consideration when deciding whether to provide a legacy during your lifetime or in your estate, after you pass.  Both have advantages.

“If there is a large estate tax exposure, many donors prefer to contribute in their wills to offset the tax,” Zlotnik says. “Other donors want the charity of choice to benefit now and may use structured flow through shares to lower the cost of the gift dramatically.”

Many donors prefer to payout to their favorite charities a series of payments rather than a lump sum.

“The advantage of this for some donors is that they may wish to support a particular program a charity is offering and that lasts for a number of years,” Zlotnik says. “There could also be a concern about the current direction or management of a charity, and the donor may not want a single, one-time infusion of funds for fear of those funds being mismanaged.”

Additional giving options that involve more complex planning include the use of alter-ego trusts, family trusts, estate freezes, employee stock options, private company shares, the gift of real estate (a cabin property or residential home) and the use of the capital dividend account.

“These options provide the opportunity for a reduction in taxes, security of income and capital in lifetime, ability to transition wealth and decision-making in a cohesive manner, and provide meaningful charitable legacies to beloved charities,” Beard says. “Lastly, and without price, they may help maintain peace within one’s family.”

**Consult a professional**



To facilitate this process, consult with an experienced financial planner and an estate lawyer. “The thought of drafting a will and your passing can be emotional and stressful,” Lin says. “Consulting with a professional gives you the clarity and support you need to make an informed choice.”

Zlotnik recommends including adult children in legacy planning discussions with professionals, particularly in complex estates with high-net-worth individuals. “It can be useful if the parent is willing to share what their objectives are,” he says. “Some parents have the attitude that it is their money, and they can do whatever they like with it, while others have a generation-to-generation legacy attitude and want to include their children at the right time.”

**Check in with the Charity**

Garry Zlotnik, CEO of ZLC Financial.

Once donors have a plan in place, it is important to discuss it with the charity, even if the exact terms of the gift are not yet decided. “Not only will the charity want to thank you, but this is an important step to ensure that they can actually carry out your wishes,” Hikida says. “There can often be confusion about what exactly a charity does or how to name it in your will, but the charity often has suggested wording to review with a lawyer.”

Consulting with the charity early ensures they understand how the gift should be used and gives the charity the opportunity to keep the donor informed of how they continue to help.

“This also allows you to be prepared and to maximize the impact of your legacy through tax savings, but it also ensures that the charity of your choice has the support it needs to continue its good work, without delay,” Lin says.

**Get support**

Charities often have dedicated legacy giving support teams, a network of trusted and experienced estate lawyers, financial planners and other professionals, and some even have partnerships with agencies that can help donors set up their wills.

“We provide sample wording to include in your will to name the residue of your will, name a specific amount or piece of property and include the power to vary, if you intend to direct your gift for a specific project or for a specific use,” Hosak says. “This ensures your gift is carried out exactly as you intended.”

Once a professional has signed off on the paperwork, it is important to store the documents carefully.

“A will should be stored in a secure location and a copy shared with the executor and/or registered with the BC government’s Will Registry to ensure the executor knows where to find the document,” Beard says. “Ensure the secure location of your original copy is known to your executor.”

Reach out to the charity of your choice to start building the future and your legacy today.

**Learn more:**
BC Children’s Hospital Foundation | [bcchf.ca/legacy](http://www.bcchf.ca/legacy)

Easter Seals BC/Yukon | [eastersealsbcy.ca](http://www.eastersealsbcy.ca/)

Family Services of Greater Vancouver | [fsgv.ca](http://www.fsgv.ca/)

Kidney Foundation of Canada, BC & Yukon Branch | [kidney.ca](http://www.kidney.ca/)

The Salvation Army | [salvationarmy.ca](http://www.salvationarmy.ca/)

Vancouver Foundation | [vancouverfoundation.ca](http://www.vancouverfoundation.ca/)

ZLC Financial | [zlc.net](http://www.zlc.net/)

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