

## **Estate Planning Considerations**

Many donors are excited to learn that making a significant gift to ministry, via a tithe, has far less impact to their estate than they realized, due to the tax credits generated. This document outlines some key considerations for those donors wanting to tithe their estate, how the Foundation can be used to simplify estate administration, and other aspects of estate management that should be considered for completing a thorough estate plan.

### **Use of the Foundation's Gift Allocation Agreement**

Most donors use the Foundation's services to distribute their charitable estate gifts to multiple organizations using our *Gift Allocation Agreement*. Benefits include:

- Simplified estate distribution for the executor (only communicates with one charity)
- Greater donor privacy, as only the Foundation knows the amounts given to each beneficiary
- Donor can make changes to beneficiaries or amounts in the future, at no cost to the donor
- Up to 50% of the gift amount may go to organizations unaffiliated with LCC
- The donor is still acknowledged as the gift-maker

### **Suggested clause for Will - gifting from the Estate Residual**

Although your lawyer or notary (in BC only) may choose slightly different wording, the gift clause within your Will, should be similar to the following:

**I direct my Trustee to give \_\_\_ \*percent (\_\_\_ %) of the residual of my estate to Lutheran Church - Canada Financial Ministries, (B/N 888730397RR0001), presently of 3074 Portage Avenue, Winnipeg, MB, R3K 0Y2, with the understanding they will distribute these funds as outlined in my most recently signed "Gift Allocation Agreement" filed within their head office, a copy of which is attached to this Will.**

\* An important consideration for donors wanting to **tithe** their **ENTIRE** estate, gifting 10% of the *estate residual* often overlooks a significant part of your estate. The *Estate Residual* only includes your house or secondary properties, bank accounts, publicly traded securities, car, and all other assets without a designated beneficiary. The *Estate Residual* **DOES NOT** include assets with their own beneficiary clause, namely: insurance policies, RRSP/RIF/LIRA investments, pension fund payouts, and TFSA investments.

Based on this, some donors choose to give a higher portion of the estate residual, knowing other assets are available for fulfilling bequests to family members, however, the value of those assets may change significantly over time.

For this reason, an alternate gift clause could be used, that considers the value of the entire estate, as provided below.

### **Suggested clause for Will - gifting from the Entire Estate**

**I direct my Trustee to give \_\_\_ \*percent (\_\_\_ %) of the entirety of my estate, a percentage based on the combined value of the estate residual plus all financial assets external to the will, to Lutheran Church - Canada Financial Ministries, (B/N 888730397RR0001), presently of 3074 Portage Avenue, Winnipeg, MB, R3K 0Y2, with the understanding they will distribute these funds as outlined in my most recently signed "Gift Allocation Agreement" filed within their head office, a copy of which is attached to this Will.**

Your lawyer may choose to use slightly different language, but the key elements needed for the gift clause are shown above.

## **Other Financial Considerations**

If your estate holds non-registered, publicly traded securities, AND you are making a charitable gift, transferring securities to the Foundation to partially or totally fulfil your charitable gifts should be considered, thereby avoiding the capital gains tax otherwise caused by the sale of those assets.

As most executors are unaware of this potential tax saving, if such a gift seems likely, direction within the Will can be helpful, as follows:

**"The executor is directed to consider the transfer of ownership, in kind, of any publicly traded securities held by the estate, as a means to either partially or totally fulfil any charitable gifting obligations, thus eliminating the potential capital gains tax otherwise incurred by the sale of those assets."**

## **Other Considerations In Relation to the Will**

A "Statement of Faith" may be used as an opening clause within your Will, as a final opportunity to share the importance of your faith to surviving family members.

If you have specific items, you would like your executor to give to specific individuals, consider the use of a "Letter of Direction" or "Memorandum of Articles". If using such a document, it would be good to make a reference to it within the Will.

If any trusts are anticipated within the estate, particularly those for minor children, it may be beneficial to indicate how or when those trusts will be "terminated", thereby relieving the estate executor of on-going responsibility.

## **General Considerations**

Having prearranged funeral plans with a funeral home greatly simplifies this task for surviving loved ones, as well as having a *Funeral Planning Sheet* on file at the church office, giving direction on your wishes.

In our highly digital world, use of the internet for online bill payments, subscriptions, and loyalty reward programs is commonplace, and used by people of all ages. Having a record of these websites, with the related username and password, will assist the executor or family members in determining account numbers, transferring loyalty points, and terminating accounts as necessary.

Having an *Enduring Power of Attorney* in place, ensures someone you choose can make decisions on your behalf, should you no longer be able, regarding financial and legal matters.

Having a Healthcare Directive in place (each province calls it by a different name), allows someone you choose to make decisions on your behalf, should you no longer be able, regarding your personal, social, and medical care, as well as end-of-life decisions.

Visit Lutheran Foundation Canada's Resource page on our website, at [www.lutheranfoundation.ca](http://www.lutheranfoundation.ca), to find various documents as referenced above.