



# FOUNDATION

for Niagara & Hamilton area Christian Schools

## Charitable Bequest & the Charity Child

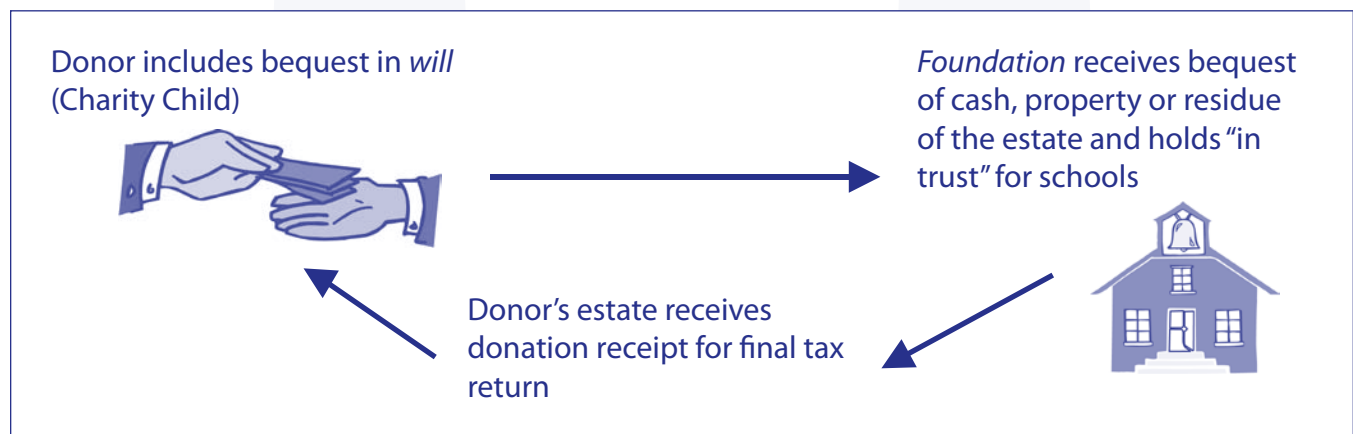
A **Charitable Bequest** is perhaps the simplest form of planned gift to arrange. It is made through a person's *Last Will & Testament*, or commonly referred to as "the will".

A bequest could involve gifts of cash, real estate or other property but usually is a percentage of the total estate value that is gifted to charity – or a percentage of the donor's estate that is gifted after family needs are cared for.

A unique way to incorporate such a bequest is to 'adopt' an additional child, called the **Charity Child**, through your *will* and thereby gift a child's share of your estate to a charity such as the **Foundation for Niagara & Hamilton area Christian Schools** for the benefit of one or more specific member schools. Such a bequest for the Christian schools will actually allow your final gift to annually support the schools in perpetuity when designated to be held in one or more of the *Foundation* Endowment Funds.

### Benefits\* and features of a Charitable Bequest - Charity Child

- donor able to give cash, stock, property, etc.\*
- special tax incentives for gifts of appreciated property\*
- simple to arrange\*
- gift is subject to probate when gifted through bequest
- *Foundation* receives the gift only upon death of the donor
- your support for the Christian schools continues in perpetuity\*



## Other considerations:

Donors may elect to designate their *Charity Child* to receive a portion of their estate's value that is greater or less than their other children. These proportions can also be adjusted if desired each time your *will* is reviewed and updated (every 3 to 5 years). In many instances, the eventual donation receipt to your estate that is generated by the gift through a simple bequest or from the *Charity Child*, will offset the estate taxes owing. This consideration allows the heirs in many cases to receive nearly as much as if there had not been a bequest included in the *will*.

For many individuals and couples, adopting a child called *Charity* is the best way to begin with a planned giving commitment. It is well documented by our partner organization, *Christian Stewardship Services* that many Christian school supporters also wish to support one or more other ministries or kingdom causes with their bequest. This is wonderful - God bless you! We just encourage you to follow through on good intentions and make a commitment – we can help.

## What are the tax incentives?

A person who dies is deemed to have disposed of everything owned a moment before death. 50% of any capital gains on appreciated assets or investments, with the exception of one's personal residence, become taxable income (special rules exist for farm properties as well). In addition, where there is no longer a spousal beneficiary for RRSP or RRIF investments, the entire value of a person's registered fund portfolio becomes taxable income at death. In most cases, there are considerable tax implications at death as even individuals with a modest RRSP or RRIF portfolio will likely end up in the highest tax bracket.

The maximum donation that may be claimed in the year of death is 100% of income, combined with the normal pension or employment income for that year. Any excess over that amount can be carried back one year.

When a donation from an estate is received, the *Foundation* would issue a donation receipt for the full amount of the gift. The estate's Executor is able to use the receipt to obtain tax credits offsetting income from the current tax year and the previous tax year. As mentioned earlier, in many cases, charitable bequests can be made at little or minimal cost to other beneficiaries included in the *will*.



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