



CHARITY

How to give investments from beyond the grave

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How to “gift from the grave” is a question investment professionals get asked a lot by investors interested in learning how to give charitably from their estate after they die. They also want to know how to do this in the most tax sensible manner, particularly when it comes to marketable securities.

In the first of this two-part series on charitable giving ([The ins and outs of charitable giving](#)), we reached out to Kathy Hawkesworth, director of donor services at Edmonton Community Foundation (ECF) and current vice-chair of the Edmonton chapter of STEP (the Society of Trust and Estate Professionals), for her expertise on charitable giving. Since joining ECF, she has helped donors establish hundreds of endowment funds that provide meaningful on-going support to the charities and causes important to them.

In this companion piece, we ask her about gifting from the grave, as she’s able to provide additional insight for investors looking to make the most of their charitable gifts.

How can individuals provide gifts to a charity after they have passed away?

The best charitable gifts fit the donor’s circumstances. Tax is an important consideration for any estate plan but there are other factors to consider as well. A generous gift might be best placed in a will or other estate documents (such as life insurance or RRSP/RRIF/TFSA beneficiary designations) to be sure the gift takes place when the donor no longer needs the funds.

Other events may also make a lifetime gift possible and desirable, such as receiving an inheritance, selling a home (or downsizing), or selling a business or property.

What are some considerations for naming a charity as your beneficiary in these situations?

Gifts to a charity made in a will, insurance and RRSP/RRIF/TFSA designations, known as “estate gifts,” are also eligible for a donation receipt and tax savings. Under recent tax rules, the receipt will generally be issued for the value of the gift at the time the charity receives it (rather than at the date of death), whether you designate the charity as a beneficiary directly in the plan, insurance, or in a will. Having all of these documents work together is important.

Gifts made in insurance or in plan designations may be more private or perceived more positively by family members than those made in a will. Where family members do not share the donor’s philanthropic outlook, they may lack enthusiasm for the charitable gifts even though those gifts reflect the values and interests of the donor and save the estate taxes.

Depending on the kind of gift given to charity in a will, the charity named may receive more estate information and have more input in the administration of the estate than if the charity is named only in insurance policy or plan designations.

In our experience, gifts in insurance and in plan designations are received more quickly than gifts made in a will, but are much rarer. Wills are more common and more universally understood by both donors and the charities they support. No matter which approach is taken it is important to accurately

name the charity and confirm its charitable status to ensure that it actually carries out the work the donor seeks to support.

Where can people find out more about specific charities?

Canada Revenue Agency (CRA) maintains an online list of all Canadian registered charities where you can easily confirm your charity's name and status: <http://www.cra-arc.gc.ca/chrts-gvng/lstngs/menu-eng.html>. Community foundations also provide an excellent resource for information about causes, which charities are doing the work donors seek to support, and ideas for gifts for either immediate use or to provide permanent ongoing support. One example is www.ecfoundation.org.

Keeping in mind there is no substitute for good tax and investment advice, there are specific rules and conditions to follow when gifting, not all of which are mentioned here. We encourage people to follow up with their tax professionals and investment advisers to develop a charitable giving plan that makes sense for them and offers the most impact for the causes they care about.

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