

SHARING YOUR
LEGACY



Creating Hope for the Future
Guidelines for Planned Giving



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YOUR COMMITMENT BUILDS HOPE

A commitment made today means a brighter future for tomorrow's women, children, youth, and families.

Susan Kerslake knows first-hand the value of giving to the IWK. Susan is a donor and an IWK Health Centre volunteer since 1998; she has also bequeathed her estate to the future of research at the IWK. Her commitment will help to change the face of care in the Maritimes and beyond.

Your commitment means hope for the future.

COMMITMENT



Susan Kerslake
IWK Estate Donor

"I don't have children of my own. The children at the IWK are my children," says Susan. "I have always loved research, which is why I have included the IWK in my estate plans."

HOPE



Paizlee Rose Adams
IWK Patient

Paizlee may never know Susan Kerslake, but her future is brighter thanks to the generosity of estate donors like Susan.

Please note: As with any planned gift, the IWK Foundation strongly recommends that you speak with your legal advisor or financial planner so that your needs and the needs of your family are taken care of.

ABOUT THE IWK

The IWK Health Centre is a place of healing and hope. It is a place that provides critical and specialized care to more than two million women, children and families from across the Maritimes and beyond.

Since opening its doors more than 100 years ago, the IWK has become a distinctive symbol of excellence, important health breakthroughs and Maritime pride. An internationally recognized academic health science centre, the IWK ensures that those requiring specialized care have access to the best facilities, the best health care providers and the best programs. IWK care teams play a unique role in providing care both within the Health Centre's walls and throughout the region.

For thousands of Maritime patients and families, the IWK is the only place they can receive the treatment they need close to home.



FROM THE SEEDS
OF GENEROSITY,
AMAZING THINGS
WILL GROW.



TYPES OF PLANNED GIFTS

BEQUESTS

A charitable bequest is one of the simplest and most common types of planned gifts.

There are many benefits to you by making a bequest to the IWK Foundation in your Will:

- By stipulating your wishes in a Will, you control what happens to your estate. If you do not have a Will, provincial law dictates what happens to your estate.
- With a Will you know your loved ones will be taken care of according to your wishes as well as knowing you will leave a lasting legacy to the IWK Foundation.
- A tax receipt will be issued for the full amount of the bequest thus reducing the amount of tax that must be paid on your estate.
- If for any reason your circumstances change, you can make changes to your Will at any time.



A charitable bequest is a great way to provide a lasting legacy to causes that are important to you.

BEQUESTS

There are many different types of bequests that you can state in your Will. A bequest can be a personal asset, a specified amount of cash or a percentage or portion of your estate, or alternately, what remains after other bequests have been paid.

In any of the three types of bequests listed below you may also decide how you would like your gift to the IWK Foundation to be used.

Specific Bequest

Specific Bequest is a gift of a particular piece of property (for example, art or shares in a company) or a stated sum of money. The advantage of making a specific gift is it can be precisely identified and is simple to administer.

Residuary Bequest

Residuary Bequest is a gift of all or a fraction of whatever remains (the residue) after all debts, taxes, administrative expenses, and specific bequests have been paid. The actual value is sensitive to any changes in the value of an estate.

Contingent Bequest

Contingent Bequest takes effect only if the primary intention cannot be met (for example, if the primary beneficiary does not survive the donor).



CHARITABLE REMAINDER TRUST

A charitable remainder trust is a unique way to make a significant gift to the IWK Foundation, receive immediate tax benefits and maintain your level of income.

With a charitable remainder trust, you transfer your assets to a trust making an irrevocable gift of the entire capital or remainder interest to the IWK Foundation. For a donor there are a number of benefits for using this vehicle to make a planned gift.

- You will maintain or in some instances increase your level of annual income.
- You will receive a tax receipt for the net present day value of the remainder trust that has immediate tax benefits.
- You will be recognized by the IWK Foundation for your gift based on the full value of the trust when the trust is established.

“I think it is critically important to know that whatever bequest you can leave will help children for years to come. It certainly makes me feel good to know that the IWK is one of the main charities in my Will.”

Wendy Black
IWK Estate Donor

Please note: As with any planned gift, the IWK Foundation strongly recommends that you speak with your legal advisor or financial planner so that your needs and the needs of your family are taken care of.

CHARITABLE REMAINDER TRUST

For example, a retired couple or individual would like to support the IWK Foundation but have a significant portion of their wealth in highly appreciated but low income producing assets. By transferring the assets to a charitable remainder trust, they could increase their income, help the IWK and receive a charitable tax receipt. Another example might be an older individual or couple who no longer wants the responsibility of looking after their assets, for example, an extensive stock portfolio but want to maintain their level of income and support their favourite charity, the IWK Foundation.

Certain conditions must be met in order for a gift to qualify as a charitable remainder trust:

- The transfer of assets to the charitable remainder trust must be irrevocable.
- The property must reside with the IWK Foundation at the time of the transfer.
- The value of the residual interest given to the IWK Foundation must be ascertainable.
- The principle of the trust cannot be encroached upon, therefore any administrative fees associated with the management of the trust must be from the income paid.

LIFE INSURANCE

Life insurance is a simple way to make a gift.

With a modest donation of monthly insurance premiums, you will be able to leave a lasting legacy to the IWK Foundation. There are a number of options available to you as to how to use life insurance to support the IWK.

- You can name the IWK Foundation as the beneficiary of a new or existing policy and your estate would receive a tax receipt for the full value of the death benefit.
- You can transfer ownership of a new or existing policy to the IWK Foundation. With this option you will receive tax receipts for the premium payments as well as the cash value of the policy.

In addition to the tax benefits, either present or deferred, a gift of life insurance is not subject to probate fees; it is not a matter of public record and cannot be contested as in the case of gifts in Wills.

As with all gifts made to the IWK, you may stipulate how the funds will be used.

A legacy is what we
leave behind today
to help build tomorrow.
Together our future will
be stronger.

RRSP OR RRIF

The IWK Foundation can be named the beneficiary of an RRSP or RRIF. There are many advantages to directing an RRSP or RRIF as a charitable donation to the IWK Foundation.

Current tax rules state “in the year of death, donations of up to 100% of taxable income are deductible on the final tax return, with any unused portion allowed to be carried back to the previous year.”

- At the time of your death, unless there is a surviving spouse to receive the RRSP or RRIF, all money invested in an RRSP or RRIF must be declared as income. This means that a large percentage of your estate would be paid out in taxes. By designating some or all of your RRSP or RRIF to the IWK Foundation, your estate would receive a charitable tax receipt helping to offset the amount of tax to be paid.
- The proceeds from the RRSP or RRIF would be paid directly to the IWK Foundation without going through probate, thus saving on probate fees.
- As a valued donor, you can be assured your gift will be helping Maritime families in need for years to come.

Each of us possesses the power to provide a lasting legacy to charitable causes we feel are important.

Please note: As with any planned gift, the IWK Foundation strongly recommends that you speak with your legal advisor or financial planner so that your needs and the needs of your family are taken care of.

PUBLICLY TRADED SECURITIES

Publicly traded securities that can be used to make a charitable donation are stocks, bonds, mutual funds and equities and employee stock options.

The donation of publicly traded securities to a public foundation such as the IWK Foundation is exempt from capital gains tax.

As a donor to the IWK Foundation, this is an ideal avenue for an individual who has a significant portion of their wealth in highly appreciated securities.

You will receive a tax receipt for the full value of the donation of the securities.

Marion B. MacLeod
Moncton, NB
1917 - 2005



“...Deserving people shall benefit from her wish to make our lives better.”

Born on December 31, 1917, Marion was an active and accomplished woman who helped those around her in need, rarely revealing herself as the benefactor. Her generosity continues beyond her life as the IWK Foundation received a gift from Marion's estate in 2005.

“She was an extraordinary person,” says friend Carol Proctor. “So many of us, including the children that loved her in life, are the lucky ones who crossed her path. Through her bequests, many, many more deserving people shall benefit from her wish to make our lives better.”

PUBLICLY TRADED SECURITIES

Example

You have been a long-time annual donor to the IWK Foundation and recently you heard about an exciting new project at the IWK – the Critical Care Redevelopment Project. You have decided you want to support the project with a \$50,000 gift to name a new inpatient room in the Pediatric Intensive Care Unit

Since a significant portion of your wealth is in stocks, you decide to gift \$50,000 in stock of XYZ, a publicly traded Canadian company.

Your original investment in XYZ was \$10,000 and is now worth \$50,000. The difference between your original investment and the current market value is \$40,000—this amount is considered capital gains. By gifting the stock to the IWK Health Centre Foundation, you will be exempt from the capital gains tax and be able to claim the full donation with your current year tax return.

For more details on the tax benefits of gifting publicly traded securities, please speak with your financial advisor.

Why is a Will Important?
By stipulating your wishes in a Will, you control what happens to your estate. If you do not have a Will, provincial law dictates what happens to your assets.

TAXATION

Your planning is part of how we help families.



A donor can claim a tax credit on the eligible amount of the gift to the IWK Foundation.

Full Registered Name: IWK Health Centre
Charitable Foundation
Registration number: 867558090RR0001

For the most up-to-date information from the Canada Revenue Agency visit iwkfoundation.org/plannedgiving

A donor can contact the Tax Information Phone Service by calling 1-800-267-6999.

Please note: As with any planned gift, the IWK Health Centre Foundation strongly recommends that you speak with your legal advisor or financial planner so that your needs and the needs of your family are taken care of.

AFTER DEATH TAXATION

Tax credit opportunities make supporting the IWK Foundation especially rewarding.

Currently there are no estate or inheritance taxes in Canada. Nevertheless, there are tax implications on death which can have considerable impact on your estate and your heirs.

Deemed Disposition

Ordinarily, for income tax purposes, any property gifted during life is deemed to have been disposed of by the person making the gift for proceeds equal to the fair market value of the property. Similarly, on death, an individual is considered to have disposed of all of his or her property for fair market value, the instant before death. This is called “deemed disposition.” Vacation property, stocks, mutual fund holdings and other capital property may have increased in value significantly since you first acquired them. This increase in value is what is called “capital gain.” Current tax law requires you to pay income tax on 50 per cent of any capital gain triggered by deemed disposition. This extra income will be subject to income tax on your final tax return prepared by your executor. For many people this can add up to a considerable cost.

There are some exceptions to deemed disposition including your principal residence and some property that may be rolled over to your spouse on a tax-deferred basis until their death. Planning ahead for deemed disposition can help you reduce the amount of tax owing by your estate.

Registered Funds

Your registered funds such as RRSPs and RRIFs have grown in a tax sheltered environment during your lifetime. However, upon death the full value of the fund will become taxable income on your final return. You can defer this tax by transferring the plan to your spouse through your will (or by designating him/her a beneficiary under the plan). This means the tax won't be assessed until your spouse disposes of the fund or until their death. For those who may have adequate retirement assets from other sources, designating a charity as beneficiary of a RRIF can be a way of avoiding the income tax due while still providing for heirs. Consider the following example - if the funds are left to children, approximately one half will disappear in the form of income tax. If a charity is the designated beneficiary, on death the charitable tax receipt will offset the income tax due. Other non-taxed assets such as GICs or bonds could be left to heirs.

Clearly, most people will want to plan for this “deemed disposition” to reduce the impact of the capital gains tax and to retain as much value as possible in their estate for their heirs.



Donation Credit Limits

There are limits to the amount of donation tax credit that may be utilized in any one year:

Limits to donations made during lifetime

During a lifetime, a donor is limited to using, in any given year, a credit not greater than 75 per cent of the donor's net income for tax purposes for the taxation year (referred to as "net income" on your income tax statement).

If the gift is capital property, the 75 per cent limit is increased by:

- 25 per cent of the taxable capital gain arising from the gift in the year, and
- 25 per cent of the lesser of:

Any recapture of capital cost allowance on the property included in the taxpayer's income tax in the year, and the property's capital cost or fair market value (whichever is less).

Essentially, this means that when a gift of capital property is made, the donation limit will be increased to take into account the capital gain and any recapture arising from the gift.

Limits to donations made by Will

Charitable gifts made by Will are deemed to have been made in the final year of life, so the charitable tax credit can be used to reduce taxes in the deceased's tax return for that year. Special rules in the Act also provide for an enhanced donation limit in the year of death and an opportunity to reduce taxes for the year prior to death. These rules can be summarized as follows:

For gifts made in the final year of life, including gifts made by Will, the limit is increased from 75 per cent of the donor's net income to 100 per cent of the donor's net income.

If the gift made in the year of death or by Will exceeds 100 per cent of the donor's net income for that year the excess amount of the gift is deemed to have been made in the preceding year, and the limit for that prior year is also increased to 100 per cent of the donor's net income. The result of this "carryback" is that significant donation amounts can be used to reduce taxes not just for the year of death but also for the year prior to death.

Note that where a donation is made by Will, certain requirements must be met in order to claim the donation tax credit and to take advantage of the "carryback" outlined above.

For example

The Will must clearly provide for the donation of a specific property or dollar amount or a certain percentage of the residue and the donation must be made to an eligible charitable organization. It is generally advisable to name the intended charities in the Will, using their proper legal names.

Conclusion

When you make a bequest to a charity, your estate is entitled to a charitable tax receipt for the full value of the bequest. This can significantly reduce the income tax payable when your final tax return is filed. The total amount that can be claimed in the year of death is 100 per cent of your net income. Excess donations may be carried back to the preceding year, for 100 per cent of net income for that year.

Example

In his Will, John leaves \$100,000 to the IWK Health Centre Charitable Foundation and the remainder of his estate to his two children. Assuming the net income on his final tax return is large enough for the entire bequest to be claimed for a charitable tax credit, the bequest may result in a combined federal and provincial tax savings of approximately \$50,000. If he had left the \$100,000 to his children, income tax would have consumed that part of it, leaving them with \$50,000.

With a wide variety of charitable giving options available, and the detailed tax rules that apply, charitable-minded individuals should consult with knowledgeable professionals to plan and implement their charitable giving. This will ensure that they make the most of their contributions for themselves and their favourite charities. Many individuals gain peace of mind and satisfaction in knowing they have provided, not only for their immediate families, but for the charitable organizations that enrich their lives and those of others.

Although this material has been compiled from sources believed to be reliable, we cannot guarantee its accuracy or completeness. All opinions expressed and data provided herein are subject to change without notice. The information is provided solely for informational purposes and is not intended to provide and should not be construed as providing individual financial, investment, tax, legal or accounting advice. Professional advisors and/or legal representation should be consulted prior to acting on the basis of the information contained in this Death and Taxes guide.



SAMPLE CLAUSES FOR WILLS

A planned gift not only provides tremendous personal satisfaction, but allows us to plan for the future with greater cause and effect.



SPECIFIC BEQUEST, UNRESTRICTED

I give to the IWK Health Centre Charitable Foundation the sum of \$ _____ .

Or

I give to the IWK Health Centre Charitable Foundation the sum of \$ _____ to be applied by the Directors for such purposes as the Directors may deem appropriate.

Or

I give to the IWK Health Centre Charitable Foundation the sum of \$ _____ without imposing any restrictions upon the request.

“Every day at the IWK, our researchers are committed to conducting ground-breaking, world-class research. I’m proud to have a job that assists them in this amazing work, but through the support of Planned Giving, you can make this work a reality.”

Kathleen Leadon,
Director of Research, IWK Health Centre

Please note: As with any planned gift, the IWK Foundation strongly recommends that you speak with your legal advisor or financial planner so that your needs and the needs of your family are taken care of.

SPECIFIC BEQUEST, RESTRICTED

A donor may want to designate a gift under their Will to be used for a specific purpose.

With a restricted bequest, you should always include a “power to vary” clause in the Will. Such a clause allows the Board of Directors to use the funds for other purposes, keeping in mind the original intent of the donor should it no longer be feasible to use the funds for the designated purpose.

I give to the IWK Health Centre Charitable Foundation the sum of \$ _____ to be used for _____ .

This type of bequest should include the “power to vary.”

Power to Vary

If at any point in time the _____ no longer takes place within the IWK Health Centre, the Trustees of the IWK Health Centre Charitable Foundation and/or the Board of Directors of the IWK Health Centre preserve the power to redirect said funds to the area of greatest need, keeping in mind the original intent of the donor.

Each of us possesses a remarkable gift—the power to provide a lasting legacy to causes that are important to you. If leaving a legacy interests you, let’s work together to take the next step.



RESIDUAL BEQUEST

I give to the IWK Health Centre Charitable Foundation all (or a stated percentage) of the residue of my estate for use as the Foundation may deem appropriate.

Or

I give to the IWK Health Centre Charitable Foundation all (or a stated percentage) of the residue of my estate to be used for _____ .

This type of bequest should include the “power to vary.”

Power to Vary

If at any point in time the _____ no longer takes place within the IWK Health Centre, the Trustees of the IWK Health Centre Charitable Foundation and/or the Board of Directors of the IWK Health Centre reserve the power to redirect said funds to the area of greatest need, keeping in mind the original intent of the donor.

Why is a Will important? It’s a testament of what you find important in life. With a Will, you know your loved ones will be taken care of according to your wishes.

Please note: As with any planned gift, the IWK Foundation strongly recommends that you speak with your legal advisor or financial planner so that your needs and the needs of your family are taken care of.

DEAR FRIEND,

We decided to make a bequest to the IWK Foundation after Anna passed away. We are so grateful for the kindness, support and superior care Anna received.

We are so lucky to have the IWK close by and the staff are wonderful. The IWK relies on more than government funding in order to provide its many vital services to Maritime families.

By including a legacy gift in your estate planning, you will help ensure the longevity of this hospital and the essential services it provides.

You can leave a legacy for future generations of children and families. Please consider making a simple bequest to the IWK Foundation in your Will like we have.

Mark & Heather





