

**PLANNED GIVING STRATEGIES**

CASE SCENARIO:

* Jerry and Elizabeth are in their late sixties and both are still working
* They have 2 adult children and wanted to ensure they had a legacy plan that was organized and well-thought out for their children upon their passing as their children were both busy building their careers and had not yet married or had children
* Their goals were to leave some of their money to charity to reduce the social capital that would be paid as income tax and to provide the balance to their children
* As part of the discovery process we learned that one of their adult children lives in the United States which would pose numerous challenges if she was named as an Estate Trustee
* Jerry was worried that Elizabeth may not feel comfortable with dealing with their investments should he pass away first as she expressed no interest in managing their financial wellness during their lifetime
* They expressed an interest in helping their local community but did not have a list of specific charities they wished to give to. They were unsure what amount they wished to dedicate to charitable beneficiaries, when to give amounts and how to structure their gifts
* Jerry believed it was important to leave behind some stories about himself and his ancestors and also wanted to ensure that his family’s medical history would be recorded and passed onto future generations

SOLUTION:

We spent time with Jerry and Elizabeth to gain a more in depth understanding of their net worth, tax situation and desires both during the remainder of their lifetimes and upon their eventual deaths. They had spent a considerable number of years working to accumulate their nest egg but there was not a well-thought plan of communicating their wishes to their children beyond their existing Wills. Through a series of family meetings, we assisted them and their children in developing a legacy mission statement that outlined the tenets that were most important to them to govern the legacy they intended to leave behind.

Once we had developed the mission statement that they wished to guide the family today and in the future, we were able to assist in crafting their legacy plan and to ensure it would be implemented and continually reviewed to ensure it continued to meet their changing needs over time. We put together their Trusted Legacy binder with every bit of information that their fiduciary would need in order to act as Power of Attorney for them or to administer their eventual Estate. While trusts in lifetime were not required right away, their lawyer ensured that their Powers of Attorney included the ability for their fiduciary to engage in this type of planning should they lose capacity before being able to determine if an alter ego or joint spousal trust would be in their best interests.

Jerry and Elizabeth decided to use testamentary trusts in their Wills for their children and their heirs to ensure they had the ability to income tax split with any children or grandchildren they would have in the future but also to protect their inheritance from marital breakdown and creditors. It was particularly important to structure a dynasty trust for their child in the United States to avoid any negative consequences from US estate tax regimes upon the child’s eventual passing. With our assistance, they wrote letters of wishes to their children regarding the intended framework for the use of the funds held in trust upon their death.

In collaboration with their investment advisor and accountant we developed a strategy to determine their social capital both annually and upon the death of the last survivor. The strategy was designed to reduce taxes during their lifetime and to reduce or eliminate taxes upon their eventual passing by redirecting it to the charitable causes of their choosing. We connected them to their local Community Foundation planned giving professionals who assisted them in creating an endowment fund that would continue to make grants to the local charities chosen by them in their lifetimes and their children upon their death. Because they had accumulated large balances in their registered retirement savings plans, it was decided that they would make gifts of stock with large capital gains from their non-registered funds to negate paying the tax and obtain a full donation tax receipt for the gifted stock. At the same time, they would draw down on their registered investments and put the withdrawn funds less withheld taxes into their non-registered portfolio to partially replace withdrawn amount created when they donated stock. When they file their taxes in the coming year, they will recoup nearly all of the withheld tax from their registered withdrawal and use the resulting refund to replace the remaining deficit created by donating stocks within their non-registered portfolio. Their registered funds were designated to each other as beneficiary with their endowment fund with the Community Foundation designated as the alternate beneficiary in the event that they pass away at the same time or should either be incapable of changing their beneficiary designation upon the death of the first of them in order to eliminate any taxes owing on their registered funds upon the death of the last survivor of them. The Community Foundation obtained information from Jerry and Elizabeth as to what recognition they wished to receive during their lifetime and upon the death of the last survivor of them.

Jerry and Elizabeth now have a binder which contains all of the personal information about them, their financial, physical and digital assets, whereabouts of important documents, a list of important contacts, copies of their documents, a visual roadmap of their legacy plan, letters of their wishes to their fiduciaries and beneficiaries and the historical stories and medical history of themselves and their ancestors that they feel are important to hand down for generations to come.

Their advisors have a clear picture of their intentions and everyone is on the same page in ensuring they continue to implement their legacy mission. There are guidelines in place for reviewing the plan as their individual and family circumstances change over time which provided Jerry and Elizabeth with peace of mind knowing there is a plan for continuity in place.