

BEQUESTS

For donors planning to give larger amounts, a bequest has traditionally been a popular way to give. The structure of the bequest is usually drawn up by a lawyer and settled after death through the services of the executor. Before proceeding seek the services of an experienced estates lawyer.

Advantages

Bequests are a flexible giving option. Assets allocated to the charity within a will remain under the control of the donor until death. In addition, the gift can be revoked at any time by simply changing the will. Furthermore, the gift can take on many forms: real estate, proceeds from an insurance contract, cash, a defined percentage of an estate – the variations are endless. An additional advantage is that there is the potential to eliminate or reduce any capital gains realized on the disposition of the asset.

Issues to Consider

Without clear instructions, the CCRA may view the executor as having too much discretion. This means that the CCRA could view that the gift was made by the executor in the name of the donor's estate and therefore, cannot be claimed as a donation on a deceased's final tax return but instead claimed only by the estate.

Surviving dependants could challenge the will in court, potentially annulling the donor's original intentions. If the donor of the estate owes money at the time of death, a creditor could establish a legal claim on remaining assets held by the estate. Probate and estate administration fees may absorb a considerable percentage of the estate's value before it moves on to its rightful heirs.

- There is no tax savings provided to the donor during life.
- Assets are not donated to the charity until after death
- The donor will not witness the benefits their gift will provide

Tips

- Ensure that the amount of the gift and the name of the charity are clearly stated within the will
- The donor should regularly review their will and ensure that the charities chosen to receive funds continue to exist and retain their official charitable status.