

Consider Gifting Your Assets as Part of Estate Plan

By Aidan Reid, Edward Jones Financial Advisor
Written on behalf of the Alzheimer Society of B.C.

Many people have discovered that gifting assets to a favourite charity, while alive, is a valuable estate planning technique.

One of the most important benefits of making a gift – which can be defined as a voluntary transfer of property to another made without expectation of anything in return – is that it could reduce the overall tax burden of your estate.

On the day that you die, the government will deem all of your assets to have been sold at "fair market value", assuming you are not leaving them to your spouse or common-law partner. As a result, you could have substantial capital gains in that one year, pushing you into a higher tax bracket in your final return, with the gains taxed accordingly.

If the assets are gifted over a number of years, capital gains taxation may still be applicable, but it could occur within a lower tax bracket, meaning you may pay less tax. Gifts of cash do not give rise to taxes at the time of the gift, while gifting your assets may help minimize your estate. This could potentially lower probate, executor and legal fees.

Perhaps the most important advantage of all is the satisfaction of seeing your gift help the charity while you are still alive.

To make a gift legally enforceable, there must be evidence of the giver's intention to make a gift, as well as a physical act to demonstrate that intention.

To avoid any legal disputes about intention after you die, it is wisest to create a legal document to accompany the act of giving, such as a gift deed or declaration.

A gift is presumed to be final, with all rights of ownership transferred to the beneficiary. If you want to retain some form of control over the gift, the creation of a trust is an option you may want to consider. You could ensure that when you die, full ownership rights would pass on by way of the trust document.

There is much to consider in transferring wealth to a charity – and estate planning in general. Thoughtfully planned gifts form the financial foundation for the future of education programs, support services and research funded by the Alzheimer Society of B.C.

Make sure you consult with your financial advisor, along with a tax or legal professional, about this and other ideas to increase the impact of your donations now and in the future.

Note: The information on this page can help facilitate discussions between you and your investment advisor. It is not intended as legal or tax advice. We encourage you to seek advice from a qualified professional.