As seen in… FOUNDATION
The Business & Spirit of Philanthropy in Canada

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Mark's inspiring corporate goal is the creation of $100 million in legacy planned gifts annually by helping affluent families, charities, foundations, and working with like-minded professionals helping people convert taxes to charity.

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THE ACCIDENTAL PHILANTHROPIST
MARK HALPERN

What it Means to Have Will Power

BY MARK HALPERN, CFP, TEP, MFA-P, WEALTHINSURANCE.COM

We love philanthropy and we love estate planning. Sitting squarely between the two is one of the most powerful tools we have at our disposal to do both: The last will and testament and a desire for donors to go from success to significance by creating a legacy for your charity and a legacy for their family.

A lot of people have learned about this from working with us, but it still bears repeating. That is, if you have a large estate tax bill coming due, as is likely the case when you die, one of the very best ways you can head it off is to donate the amount you might pay in taxes to a charity instead. Rule of thumb: every $2 that you give to charity will save you $1 in taxes AND receipts for charitable donations at death can mitigate 100 percent of estate taxes and can even be used to go back one year and save even more taxes. Thank you CRA.

This is an exciting time for Canada's philanthropy community as people across the country are beginning to learn about this concept through a national program called Will Power.

The program is modeled after another in the United Kingdom which aimed to increase the number of people who planned to leave some of their wealth to charity in their will. They did this because very few (only 5 percent) of all people who already had wills were even considering the thought of leaving a donation to charity in their will.

To improve that number, nonprofit organizations banded together and bought retail advertising — television, radio, online and outdoor bus shelters — to deliver a very simple and elegant message: Leave a gift to charity in your will. Short and sweet.

At the end of 10 years, the number of people leaving gifts to charities increased to 9 percent which represents an additional $50 billion in charitable gifts!

The Canadian Association of Gift Planners (CAGP) recently launched a national campaign for Will Power with similarly ambitious objectives. We couldn't be happier.

Their timing couldn't be better, either. Here's why: It's taken a global pandemic for people to become more aware of their mortality and their incompletions such as not having an up to date will, powers of attorney, tax planning and life insurance in place. They are also more willing than ever to complete an estate directory and to talk to family members about their philanthropic intentions. Contact us to get our free *Estate Planning Toolkit*.

Two big benefits

What makes us particularly excited is the fact that creating a will and planning a charitable bequest in your will — just as you might be doing right now — is a gateway or first step towards more comprehensive estate planning. Once we undertake this work for our clients, the transformation is dramatic. People feel more organized and confident knowing that everything is looked after properly. And then they are ready to look at bigger estate planning questions like converting taxes into charity.

The Will Power campaign is powerful because it makes people aware that there is planning to be done.

Most people have done investing (playing offence). They know accumulation, but they haven't done any planning (playing defense). Planning is very different; it centers on preservation.

Take, for example, the 80-year-old widow who learned that her $10 million investment portfolio was going to be worth only $6.5 million after the Canada Revenue Agency takes their cut of her final estate. In another instance we had to inform a client that their $50 million estate would be worth $35 million if they didn't do any planning to pay the taxes owing when they die.

In both cases, we applied our expertise drawn from 30 years of experience and knowledge of taxes, estate planning and insurance to address, to reduce tax liabilities and provide funds to pay all taxes that were coming due.

If you would like a headline example, consider Aretha Franklin's estate. Because she didn't prepare correctly, 45 percent of all the revenues her estate receives from now on will go to pay off her tax liabilities. The long and surprising list of celebrities and wealthy non-celebrities who died without a will is staggering.

In addition to Philanthropy, Will Power is a natural catalyst for wealth preservation and tax minimization strategies. I was very excited about the concept while it was in development, and have been a program supporter, sponsor and ambassador from the start.

There are two big benefits that will come from the Will Power campaign. First, it will get people thinking about wealth and charity, which is wonderful. It will also lead people to think more about estate planning and family. The program will bring attention and more money into the charitable sector. At the same time, this type of planning will result in more money that's ultimately left to Canadian families too as families can look at "adopting" a charity.

The Will Power program will help us to create more Accidental Philanthropists™, those who've come to learn that they can leave money to charity and to family instead of to the tax department.

Your estate can be paid out to three possible beneficiaries, your family, the charities you designate, and the Canada Revenue Agency. With proper planning you can choose two of those. People become Accidental Philanthropists™ when they are given the opportunity to leave more money to charity and family.

The fact of the matter is that most people are going to be worth a lot more when they die than they are worth today. They are custodians of wealth for future generations.

Without proper planning, their assets will be highly taxed when they die. Those who will have a large estate tax bill on death, however, could plan and possibly acquire a life insurance policy for twice the amount they will owe. If they designate a charity or a donor-advised fund as the beneficiary, the donation receipt can mitigate all the estate taxes owing, at a cost of pennies per dollar.

The thing is, it's important to do this planning now, while the sun is shining and we're all still here to enjoy it. We can use the money that you aren't ever going to use (we call it '*never spend money*') to purchase a tax-exempt life insurance policy to benefit your family and the causes you are passionate about, or both.

The gifts we can plan are significant too. Would you prefer to donate $5,000 a year in cash, or would it make more sense to use that amount to fund a $1,000,000 life insurance policy with the charity as the owner and named as the beneficiary? The $5,000 is considered a charitable donation and receives a charitable receipt. Or you can pay the premium without a receipt and make the charity beneficiary of the $1,000,000 death benefit to create a $1 million charitable receipt which would offset $500,000 of estate taxes. But you can't do both. There is no cookie cutter as every donor's situation is unique.

Estate planning is a process, not an event, and provides a timely opportunity to transition from success to significance. The impact of your generosity can make a real difference in the lives and causes you're passionate about.

Contact us for a complimentary, no-obligation consultation if this planning appeals to you. Our advisors across Canada are available to help you realize your philanthropic ambitions and obtain the peace of mind that comes from knowing your affairs are in order.

MARK HALPERN is a well-known CFP, TEP, MFA-P is a Certified Financial Planner, Trust & Estate Practitioner, Master Financial Advisor – Philanthropy. He was honoured to speak in the Disruptors Category at Moses Znaimer's most recent ideacity conference. His talk generated high interest and comments. Watch "The New Philanthropy" at bit.ly/MarkHalpernTalk. Learn more at www.wealthinsurance.com. He writes this column exclusively for each issue of *Foundation Magazine.*

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