Abundance® CANADA

YOUR WILL PLANNING GUIDE

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A Generosity Plan™ at Abundance Canada simplifies the entire process of charitable giving.

GENEROSITY CHANGES EVERYTHING

Since 1974, Abundance Canada, a faith-based public foundation, has helped people support the causes they care about during their life and beyond. Abundance Canada envisions a world where everyone lives generously. From changing lives to making the dream of better communities a reality, the foundation believes that generosity changes everything™.

Abundance Canada helps people achieve their philanthropic goals by working with them to design and implement a customized Generosity Plan™. A Generosity Plan is a strategic and flexible approach to charitable giving and a unique roadmap for how you achieve your philanthropic goals. Your Generosity Plan maps out the best strategic options for giving today, tomorrow, and well into the future, while giving you the flexibility to adapt to your changing circumstances and explore new opportunities along the way.

Your Generosity Plan may include various gifting options, such as:

- Gift of Publicly Traded Securities
- Gift of Life Insurance
- Gift of Registered Accounts (RRSP/RRIF/TFSA)
- Gift of Private Company Shares
- Gift of Cash
- Gift in a Will

A Generosity Plan at Abundance Canada simplifies the entire process of charitable giving (donate, manage, distribute), so you can focus on what matters most: **the joy of living generously**.

For further information, contact us via email at **generosity@abundance.ca** or call us at **1-800-772-3257**.

CONTENT

STARTING WITH GRATITUDE

Abundance Canada exists to promote and facilitate generosity planning, whether that be during your lifetime or at the end of your life. Everyone has the opportunity to be generous and express gratitude in unique ways, including support for the causes you care about.

Your will is an important document. You might be putting off writing a will because thinking and talking about death makes you uncomfortable. One positive way to move forward is to bring to mind the people you love (it may even help to collect their photographs) as a reminder that a properly drafted will informs them of your wishes when you are no longer able to communicate with them.

To help make this process easier, Abundance Canada has developed Your Will Planning Guide. This guide includes practical tools and information to help ensure your will communicates your values.

The goal of Your Will Planning Guide is to demonstrate the importance of having a will and the benefits of including a gift to charity in your will. Whether your estate is large or small, you have an opportunity to put plans in place that provide for loved ones and support charities that make the world a better place.

Approaching the process with a sense of gratitude is a great place to start.

CHAPTER 1

GETTING STARTED

Where Do I Begin?

STEP 1: READ YOUR WILL PLANNING GUIDE

This guide is designed to provide an overview of the basic considerations in planning and drafting your will. As you read through this guide, make notes and a list of your questions. Also consider how you could donate to charity through your will.

STEP 2: FILL IN THE PLANNING YOUR WILL WORKSHEET

Abundance Canada's Planning Your Will Worksheet will help you consider the key decisions you need to make. It also provides you with most of the details that a lawyer requires to draft your will, making your meeting with that person more productive.

Complete as much of the Planning Your Will Worksheet as you can.

STEP 3: MEET WITH AN ABUNDANCE CANADA GIFT PLANNING CONSULTANT

If you want to discuss how to develop a Generosity Plan using a gift in your will, contact Abundance Canada (1.800.772.3257 or abundance.ca) to arrange a meeting with a gift planning consultant.

STEP 4: MEET WITH A LAWYER

Having a lawyer offer advice and prepare your will is a wise investment. A qualified professional will ensure your documents are clear and complete which will simplify the work for your executor or estate administrator.

Be sure to provide your lawyer with a copy of your completed Planning Your Will Worksheet.

LEAVING A LEGACY

Your will is a final statement of your values and provides direction for the management and distribution of your accumulated assets in the event of your death.

When you leave a gift to charity in your will, also known as a 'charitable bequest', your generosity can be extended beyond your lifetime to leave a lasting legacy of support for the causes you care about. A gift in a will can be a dollar amount, a percentage, a specific asset, or the residual amount of your estate.

WHY INCLUDE A GIFT IN YOUR WILL?

- Your legacy of generosity continues to support the causes you care about.
- Your will provides a way to give, possibly more than you could during your lifetime.
- Your estate will receive a donation receipt for the amount of your gift, reducing or perhaps eliminating final taxes owing.

WHY USE ABUNDANCE CANADA TO FACILITATE A GIFT IN YOUR WILL?

- We simplify the process for your executor or estate administrator.
  - One charity (Abundance Canada) named in your will means fewer cheques to issue and fewer receipts to track
  - No need to report estate details to multiple charities
- A Generosity Plan™ with Abundance Canada allows the single bequest to benefit multiple charities.
  - No need to name each charity in your will
  - You do not need to revise your will if you want to change the charities you wish to support. Simply contact Abundance Canada to update your Generosity Plan™ distribution recommendations
- You can incorporate your family in your Generosity Plan similar to how a family foundation would operate.

HOW IT WORKS

- Name Abundance Canada as the beneficiary of the charitable gift in your will. This removes the complexity of naming multiple charities in your will.
- Using our Distribution Recommendation form, you can list which charities you wish to support, how much support they should receive and over what time period.
- Distributions to charity can be made anonymously.
- Update or revise your Abundance Canada Distribution Recommendation form at any time without having to update your will.
- Abundance Canada will send your estate an official donation receipt for tax purposes.

HOW MUCH IS ENOUGH?

Some people hesitate to make end-of-life charitable gifts because they feel an obligation to leave their whole estate to their family and/or dependants. However, it is often possible to provide for your family and dependents and make an end-of-life charitable gift. In some cases, family members may not need to inherit your whole estate. For example, if your adult children are financially stable, you have an excellent opportunity to make a more generous gift to charity through your will.

Some people have found that asking themselves *How much is enough?* helps them decide how much of an inheritance to leave for family and friends. You could think in terms of:

- **Age and Stage:** Given the current size of your estate, what would your gift mean for each recipient? Would it be too little, too much, or just right if they received it now?

- **Current Help:** Helping your loved ones financially during your lifetime may ensure you give an "early inheritance" when it is most useful.

You may also wish to have a conversation with your adult children. Many parents are pleasantly surprised when their adult children encourage them to give more to charity.

In some cases, people don't make charitable end-of-life gifts because they are unaware of how easily such gifts can be arranged and do not know what help is available to them through the gift planning services of Abundance Canada.

GIFTS TO CHARITY MAY BE LARGE OR SMALL

Whether you make a large or small charitable end-of-life gift, you will be helping others. You can use a variety of methods to make your gift, but typically you would designate a percentage or share of your estate to charity rather than a specific amount. Leaving a specific dollar amount means the value of the gift will not change as the value of your estate grows or shrinks, so the size of the gift may not ultimately reflect your wishes. Some options to consider:

- Leave everything to charity.
- Divide your estate in half—one portion for family and the other portion for charity.
- Consider charity as an extra child.
- Leave a specific asset to charity, such as investment accounts, life insurance, RRSP/RRIF or a TFSA.
- Designate a percentage of your estate, e.g., 10% or 20% to charity. Even a small percentage can end up being a significant gift.

ADOPTING A CHILD CALLED CHARITY

It's not too late or difficult to adopt a child called charity. Many people have discovered that this is an easy way to make a significant gift to charity. Simply decide that charity will receive a share of the estate equal to your other children.

For example, if you have three children, you would divide your estate into four portions: one for each child and one for charity.

BENEFICIARY DESIGNATION

You may also use beneficiary designations to make end-of-life charitable gifts. These gifts transfer outside the will and are not subject to probate. They often transfer more quickly than a gift in a will. These include:

- Life insurance
- Registered Retirement Savings Plan (RRSP)/Registered Retirement Income Fund (RRIF)
- Tax-Free Savings Account (TFSA)

Check with your professional advisors to determine which end-of-life gift planning option (gift in a will or beneficiary designation) would be most beneficial for you.


Last Will and Test
I, John Smithson, an adult residing at 123/456 North Town Roa
of sound mind, declare this to be my Last Will and Testame
previously made by me.
ARTICLE I
I appoint Johnson Smithson as my Personal Representat
he/she be permitted to serve without Court supervisio
Smithson is unwilling or unable to serve, then I appo
Representative, that he/she be permitted to s
posting bond.
ARTIC
I direct my Personal Represen
last illness, administration expe
state inheritance taxes, and all
reimbursement from

CHAPTER 3

YOUR WILL

A will is a written document that lays out your wishes regarding the distribution of your assets and personal property after you die.

Provided you are mentally competent, you can change the terms of your will or revoke it completely up to the time of your death. You can update your will by replacing a particular section using a codicil. Changes must be witnessed and signed in the same manner as a will.

You should review your will every three to five years or upon any significant life event to ensure that it is up to date and addresses any changes to your personal/family situation, estate value, or government legislation. In some situations, a badly outdated will may be worse than no will at all.

ROLE OF AN EXECUTOR OR TRUSTEE

An executor is the person who is legally authorized to carry out the terms of your will. Choosing a suitable executor is one of the most important decisions you will make.

An executor is responsible for ensuring that your debts are paid, income tax returns are filed, and estate and trust assets are managed and distributed according to the terms of your will. Depending on the complexity of your estate, the job might last a few months or might continue for years following your death.

Acting as an executor is a big job. You want to be sure that the person you name is willing and able to carry out this role. Many people name their spouse, an adult child, a trusted friend, or a professional estate trustee.

Consider naming an alternate in case the executor you have named is unable or unwilling to serve or predeceases you. If your estate is complex, your family situation is complicated, or you are unable to find a suitable executor, consider naming a professional, such as a lawyer, an accountant, or trust company.

EXPENSES

Your estate pays all costs for settling your estate. Your executor is responsible for ensuring your estate is properly settled and all expenses are paid. If your executor does not live in the same province as you, they might incur additional costs which your estate would need to pay for. Because of the work involved, your executor is allowed by law to receive payment for services from your estate. The amount paid often depends on the size and complexity of your estate and the degree of professional assistance your executor hires. There is no prescribed executor fee schedule. Most provinces indicate that executor compensation should be fair and reasonable.

ROLE OF GUARDIANS

The term guardian refers to the person or persons named in a will to care for minor children (or dependents who are mentally incapable of taking care of themselves) in the event of their parents' death. Persons named in your will as guardians may serve immediately in that capacity upon your death (provided no one else has custody), but that appointment does need to eventually be confirmed by the court.

You also need to name someone in your will to act as a trustee of any assets you leave to a minor child because minors cannot take control of their inheritance until they become adults (reach the age of majority). You will want to do the same for a mentally incapacitated dependent.

HOW OLD IS OLD ENOUGH TO INHERIT?

If you don't specify otherwise in your will, your children will receive their entire inheritance as soon as they reach the age of majority.

HOW TO CHOOSE A GUARDIAN

Choosing a suitable guardian to care for your children or dependents is a serious decision. You are entrusting your guardian with what is of greatest value to you—your children. Naming a guardian that you trust and who shares the same values as you are important considerations. You want to be sure that the person you name to carry out this role is willing and able to do it.

In your will, you might state reasons for naming specific guardians or simply name the people you have chosen.

Choosing suitable guardians is first and foremost about doing what is best for your children.

STORING YOUR WILL

You should store your will in a safe place that is easily accessible by your executor, because only the signed original will be accepted after your death.

Keep a copy of your will at home. Make a note on the copy indicating where your original will is stored to help your family or executor find it without delay. File it with a completed copy of Abundance Canada's *Personal Information Directory*.

CHAPTER 4

FINANCIAL CONSIDERATIONS IN WILL PLANNING

UNDERSTANDING ASSETS AND LIABILITIES

It is important that you have a complete understanding of your assets (what you own) and liabilities (what you owe). Although it provides only a current snapshot, making a detailed list of these can help with your overall will planning.

Assets include anything you own such as bank accounts, a TFSA, RRSPs or RRIFs, stocks, bonds, mutual funds, land, a house, a cottage, furniture, a car, farm property, a business or interest in a business, coins, art, or other collectibles. You may own an asset in your name alone or with another person (e.g., joint tenants, tenants in common, shareholder agreement, etc.).

You should also consider digital assets such as loyalty points, travel rewards, cryptocurrencies, social media accounts, digital photos, etc. that you own or are registered in your name.

To avoid misunderstandings, it is important to have clear records about any loans, including money given to children or beneficiaries.

Keeping records of who owes you money, including interest rates and terms of any loans, is critical for will planning. If the loan was made to a child or beneficiary, state whether the money was repaid, considered an early inheritance, or a loan to be forgiven at death.

Liabilities are any debts owed by you to someone else. These include money owed on credit cards, lines of credit, car loans, promissory notes, guarantees, mortgages, reverse mortgages, and lease agreements. Keeping a list of people or institutions to whom you owe money, as well as the amounts, interest rates, and terms of any loans allows you to plan with confidence.

PERSONAL INFORMATION DIRECTORY

The person you name as executor will need several documents to carry out his or her duties. You can assist your executor by leaving a list of all the documents and information needed to settle your estate.

To help you compile such a list, Abundance Canada has a Personal Information Directory. It is available from any Abundance Canada office or online at www.abundance.ca/resources/forms/. Complete the directory and keep a copy in a safe but accessible location. You will want to inform your family or executor where to find this information.

If you have prearranged your funeral and your cremation or burial, list the name, contact number, and address of the funeral home and/or cemetery.

Regularly updating your records ensures that no significant information is overlooked.

UNDERSTANDING TAX IMPLICATIONS

You should consult with your professional advisors to determine what tax implications should be considered and incorporated into your will planning.

CHAPTER 5

YOUR FAMILY AND YOUR WILL

PLANNING FOR FAMILY MATTERS AND THE UNEXPECTED

Understanding family law implications of the province in which you live is critical for drafting a will that accomplishes what you intend. Marriage, remarriage, and blended family situations all create unique conditions that must be considered.

MARRIAGE AND REMARRIAGE

Marriage has specific legal implications which vary from province to province in Canada. In most provinces, marriage voids a previous will. If your marital status changes, it is a good time to write or review your will.

Remarriage can have particular challenges, especially if there are children from previous relationships.

MARRIAGE CONTRACT

When you marry someone, you and your spouse agree to accept the terms of a contract written for you in provincial law.

In a marriage contract, you and your intended spouse can create a legal agreement that sets out decisions you have made together, often about financial arrangements, which can differ from terms set out in provincial marital laws.

It may not seem romantic to be negotiating a marriage contract just before you say, “I do,” but think of it as a tool to bring mutual understanding to two family units, each with unique patterns and habits, that are merging into one.

PRENUPTIAL AGREEMENTS

Frank had been widowed eight months when he met Martha, who had also been widowed. Within the year, they married. Frank had three adult children from his previous marriage and Martha had two.

Before getting married, the couple agreed that they would maintain their financial affairs separately and would benefit their own children through their wills. During their lifetime, they would live in the house Frank owned, and he would cover the housing expenses. They contacted a lawyer who prepared a prenuptial agreement.

Eight years later, Frank and Martha were involved in a serious accident. Frank died, and Martha sustained significant injuries. She recuperated in hospital for three months.

While Frank's and Martha's children had gotten along well, the loss of a parent and settling of Frank's estate put some strain on their relationships. The question of whether Martha would continue to live in the home she and Frank had shared was especially difficult.

Thankfully, the couple's prenuptial agreement clarified their intent. When Martha moved into an apartment three years later, the house was sold, and Frank's estate was finally settled.

MONEY MATTERS

Money ranks high as a leading cause of conflict for couples. Couples who are remarried often bring more financial responsibilities and assets into the relationship than they did with their first marriages. They may be responsible for child or spousal support payments, business interests, children from previous marriages, mortgages or other debt, life insurance policies, investments, cottages, and homes. Some couples have different values regarding finances, which can lead to difficulties.

REDRAFTING YOUR WILL AND UPDATING BENEFICIARY DESIGNATIONS

If you marry, take the time to make a new will because your old one may have been revoked by the marriage. Whenever you are redrafting your will, it is important to consider the following in addition to the previously noted items for preparing to write your will:

- Review and update your beneficiary designations on insurance policies, pension plans, RRSPs, RRIFs, TFSAs, annuities, or any other financial instrument that requires a beneficiary designation.
- Review and update your life and disability insurance.

SPECIAL FAMILY SITUATIONS

Everyone needs a will. Not having a will could mean that the family members you want to benefit from your estate are left out. Without a will provincial law will dictate how the assets of your estate are distributed.

COMMON DISASTER: WHAT IF ALL BENEFICIARIES DIE?

If you and your family should perish at the same time, does the wording in your will cover that scenario? Even if your children are older and are unlikely to be in situations where disaster could strike your entire family, it is wise to prepare for the unexpected. You can do this by including a clause in your will that gives clear instructions on how your estate is to be distributed if your family dies at the same time.

You should also consider a clause in your will to cover situations in which beneficiaries die before receiving their full inheritance.

PLANNING DETAILS TO CONSIDER

PERSONAL EFFECTS

Dividing Your Personal Possessions

You can't take it with you! Most of us will leave behind personal possessions when we die (furniture, household goods, photo albums, clothing, collections, books, tools, etc.). Although not legally binding, you may write a letter of wishes outside your will to clearly explain to your executor how you would suggest your personal effects be distributed.

If You Don't Leave Distribution Instructions

The executor is responsible to oversee the distribution of your personal effects. If you don't leave specific instructions, your executor will need to determine how best to divide your personal items. This could lead to misunderstandings or disappointment. Studies show that disputes arising from an estate's distribution are more often over items that have sentimental value than over money.

If you have no family or your family is not interested in your personal effects, the executor may sell what is of value and add the proceeds to your estate.

SENTIMENTAL VALUE

Bob and Sara had recently updated their wills, but they had not discussed who might want their dishes, jewellery, and home furnishings. Sara remembered those decisions had been difficult when her parents died.

Following a family holiday dinner, Bob and Sara began a conversation about distributing their personal effects and were surprised their four adult children quickly started to argue.

It was important for their children to consider the distribution of their parent's possessions while Bob and Sara were still alive and able to participate in the conversation.

Bob and Sara wrote down their distribution decisions and gave each child a copy of the document. Their children were comfortable with the decisions made.

Bob and Sara can rest easy knowing the distribution document will help avoid unnecessary confusion and disagreement when they pass away.

PROBATE

Probate certifies that the will is valid and confirms the appointment of the executor. Not all estates need to be probated. An executor should obtain professional advice to determine if an estate requires probate.

Probate fees vary by province and territory and are generally based on the value of the estate. Although you may wish to reduce the cost of administering your estate, avoiding or reducing probate should not be the only consideration. For example, placing property into joint title with a family member may reduce probate costs but could lead to other unanticipated problems. Transferring or gifting property before your death will decrease the value of your estate; however, it could reduce your current income, create an income tax liability or negatively impact a planned inheritance from your estate. It is always prudent to seek professional advice before you transfer or gift property.

TAX RETURNS

After you die, your executor will have to file one or more tax returns, depending on when you die, how complex your estate is, and your personal financial situation.

Meeting CRA's requirements and taking advantage of all tax provisions that apply to your estate may be a challenge. It is wise for you to do some advance planning with your professional advisors so your estate can be wound up quickly and efficiently.

CHAPTER 7

OTHER PLANNING ISSUES

PLANNING FOR INCAPACITY

People often think of death as a worst-case scenario, but some suggest that losing the ability to communicate and reason is even worse. When someone becomes mentally incapacitated, they depend on others for assistance. Paying bills, filing income tax returns, banking and investments, and medical care are all examples of tasks and decisions with which they might need assistance.

If you were to become mentally incapacitated you would likely want someone you had chosen ahead of time to look after your financial and medical decisions. To ensure that is the case you need to legally document your decisions while you still have the mental capacity to do so. The sooner you do it, the better.

As you plan for the possibility of mental incapacity (mental incompetence is the legal term), you need to consider two separate, though related, decisions: who you will appoint to look after your property (money, investments, real estate, insurance) and who you will appoint to look after your health and medical concerns.

LEGAL DOCUMENTATION

Legally, the person you name to act on your behalf is acting as your *attorney.* Attorney in this sense does not mean a lawyer; it means an agent, someone that you trust to look after your interests when you cannot do so.

After you decide on the person(s), you need to prepare a legal document to record the appointment. The best plan is to have a lawyer draw up a document in which you name someone to act on your behalf because a poorly worded or improperly signed document may not be valid. The name of the document varies across Canada, as does how the document is set up and signed. Consider naming alternates in case your first choice is unable or unwilling to act.

Giving someone the right to act on your behalf should not be seen as something you do only when you get old. It is excellent protection for any adult—regardless of age or health.

BE PREPARED

You should be prepared for the possibility you could become incapacitated. If you are unable to conduct your financial affairs and have never prepared documents giving someone the authority to act for you, "a potential nightmare awaits the family," suggest lawyers Barry Fish and Les Kotzer in their book The Family Fight: Planning to Avoid It: A No Nonsense Guide to Wills and Estates.

An Ontario couple lived that nightmare. When the husband suffered a stroke, his wife was unable to complete the sale of the family home yet needed the money for a condominium they had agreed to purchase. His share of the proceeds from the sale of their home was held for a time by the Public Guardian and Trustee. She had to spend a lot of money and suffered considerable grief before getting the situation resolved.

SUCCESSION PLANNING

For Family Farms and Businesses

Transferring your family farm or business to the next generation can be complex and challenging. Some of your children may already be involved with or interested in operating the farm or business while others may be pursuing different careers. If that is the case, you may be caught between trying to treat all your children equally in the division of your assets and ensuring that the family farm or business is passed on as a financially viable entity.

You might also need to consider the timing of the transfer of assets. Those who take over or inherit the farm or business may receive their inheritance much earlier in life than the non-farm/business heirs.

There are many considerations, and you should seek professional advice before any final decisions are made.

DYING WITHOUT A WILL

If you are like most people, you do not particularly enjoy thinking about the prospect of your death. However, you should not let that keep you from writing a will. It is wise to make plans for your estate and write a will while you have the health and ability to do so.

If you die without a will (or intestate, which is the legal term), the consequences can be devastating for those you leave behind. Dying without a will means your estate will be distributed according to the laws of your province or territory, which may not reflect your wishes.

TROUBLED LEGACY

Bob and Alice were happily married with two small children. The young couple took the time to purchase life insurance and felt good that their plans were right on track.

However, they had never made wills. They had good intentions, but the question of guardianship for their minor children always seemed to stall the process.

On their 10th wedding anniversary, tragedy struck when their car collided head-on with a drunk driver. Bob died instantly, Alice died two days later.

With no will in place and no recommendations as to who should care for the children, many people stepped forward and disagreements ensued. Lawyers were hired and the matter was settled by a judge at a cost of thousands of dollars over several long and tedious months.

DECISIONS ON BENEFICIARIES

You may want your spouse, partner, or children to receive much or all of your estate upon your death. If you do not make a will, this may not happen because the laws throughout Canada vary widely.

In some provinces and territories a common-law partner is treated the same as a married spouse for estate purposes. Separated spouses may still be considered spouses for estate purposes.

Only biological or adopted children are able to inherit under estate law. If you wish to leave any of your estate to stepchildren, you must state this in your will.

If you want to make an end-of-life charitable gift, you need a will. (Exceptions to this are charitable beneficiary designations on life insurance policies, RRSPs, RRIFs, and TFSAs).

CHOICE OF GUARDIAN

You may want a particular person(s) to be the guardian for any minor children or dependents. However, if you die without a will or without indicating in your will who you want to be the guardian, a court will select someone for this role.

SUMMARY

- FILL IN THE PLANNING YOUR WILL WORKSHEET
  - Complete as much of the Planning Your Will Worksheet as you can.
- MEET WITH AN ABUNDANCE CANADA GIFT PLANNING CONSULTANT
  - If you want to discuss how to support charity in your will, contact Abundance Canada to arrange a meeting with a gift planning consultant.
- MEET WITH A LAWYER
  - To draft your will and any incapacity documents.
  - Provide them with a copy of your completed Planning Your Will Worksheet.
- COMPLETE YOUR PERSONAL INFORMATION DIRECTORY
  - Available online at **www.abundance.ca/resources/forms/**
- STORE ORIGINAL COPIES OF ALL DOCUMENTS IN A SAFE LOCATION, INCLUDING YOUR:
  - Will
  - Incapacity Documents
  - Personal Information Directory
- PROVIDE COPIES OF DOCUMENTS TO THE APPROPRIATE PEOPLE AND NOTIFY THEM WHERE THE ORIGINALS CAN BE LOCATED
- DISCUSS THE DOCUMENTS AND YOUR PLANS WITH THE APPLICABLE PEOPLE

Abundance® CANADA

Generosity changes everything

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