

# Your Catholic Legacy



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## Giving Back Changes Everyone

“MY FATHER IS WAITING FOR ME, I HAVE TO GO HOME,” SAID OLIVIA, AN ELDERLY WOMAN WITH ALZHEIMER’S DISEASE DURING A SENIOR’S BINGO GAME IN SCARBOROUGH. SHE IS TALKING WITH A 12 YEAR OLD BOY NAMED JOSEPH.

Joseph has been coming to volunteer for the bingo game every Wednesday evening for the past 3 years. He comes with his Uncle Sam.

Of the relationship that has grown between Olivia and Joseph, Sam says, “Olivia loves Joseph. She gets really upset if Joseph is not here and does not want to play bingo. I think it’s because her father’s name was Joseph.”

Sam is a manager of a grocery store and knows the importance of volunteering. He wants to help Joseph learn the lesson that you don’t have to be paid for everything you do.

Experience managing people has taught Sam that a person who is generous is a far better employee than someone who is greedy. Sam believes that learning this lesson now will help Joseph in his life and future career. If

Joseph learns the importance of giving back, it

will change his outlook on life.

Sam originally learned this lesson from a grade 11 teacher he had in high school. Sam explained, “My teacher said that whoever went on a weekend retreat on the importance of volunteering would get an A in her class. I liked the idea about getting an A, so I went. It had a huge impact on me and made a real difference in my life. I didn’t realize it at the time, but I was young and impressionable. It made me a better Catholic.”

With this outlook on life, it is no surprise when Sam decided that he wanted to give back financially as well. Sam took out a life insurance policy through the Knights of Columbus and named ShareLife as the beneficiary. Sam is a fourth degree member of the Knights at Council #11813. Sam spoke to his fraternal benefits advisor - Hamilton Wiltshire - who helped him to set it up. Sam was surprised at how affordable it was.

ShareLife’s motto is “You Can Work Wonders.” When asked about the work of ShareLife and the importance of sharing the gifts God has given us, Sam replied simply, “Giving back changes everyone.”

*Sam and Joseph proudly display their Legacy Society cross and certificate signed by His Eminence, Thomas Cardinal Collins. Sam was so pleased that he had it specially framed. If you have made a special legacy gift, such as a gift of life insurance or a bequest in your Will to your parish or favourite Archdiocesan charity, please let the Development Office know. We would be happy to arrange delivery of your cross and certificate*



# Using Insurance to Pay Your RRIF Estate Taxes

Unless you have a spouse to name as the beneficiary of your RRIF, your estate will have to pay tax on 100% of your RRIF holdings when you pass away. This could lead to a considerable tax bill!

For example – Mary is in the highest tax bracket and has a RRIF worth \$80,000. Her husband has predeceased her. When Mary passes away, her RRIF will be disbursed among her beneficiaries as per the wishes in her Will. Mary's RRIF will be taxed in the year of death as though it was earned income, leading to the following:



Mary wants to find a way to leave more money to her beneficiaries.

One simple solution would be for Mary to ask her financial advisor which estate planning strategy would work best for her. Based on Mary's personal financial circumstances, here is what her advisor recommends:

Mary is in good health and does not need all the income she is currently receiving from her monthly RRIF payments. Mary is advised to use her excess RRIF income to purchase an \$80,000 charitable life insurance policy and name her favourite registered charity as the beneficiary. Mary's advisor explains that when she passes away, the \$80,000 policy will be paid out to the charity and the charity, in turn, will issue a tax receipt for \$80,000 to her estate. Mary's estate can then use this tax receipt to help offset the RRIF taxes her estate will have to pay, bringing the tax on her RRIF down to almost \$0.

Mary decides to name St. Monica's Parish as the beneficiary of her insurance policy as she has been a faithful parishioner there for over 20 years. Here is what will happen:



*Mary is happy to learn that she has helped to protect her beneficiary's inheritance, reduced her estate's tax burden, and made a special gift to her parish. To learn more*

*about how to use insurance as an estate planning tool, speak to your financial advisor or contact the Development Office. We maintain a list of advisors in your area.*

# For the Repose of Your Soul

One way that you can ensure that a Mass will be offered for the repose of your soul is to put it in your Will.

Here is the proper legal wording that you can share with your lawyer to ensure that a Mass is celebrated for you:



“I give and bequeath to (name of parish) Roman Catholic Church, (City and Province) the sum of (amount) dollars (\$) which said sum shall be used for celebrating Masses for myself (and spouse, etc.). I direct that the receipt of the Treasurer for the time being of the said church shall be a sufficient discharge to my Estate Trustee for such payment.”

Please remember that Revenue Canada does not consider a bequest for Masses to be a charitable gift. Because of this, charitable receipts cannot be issued for Masses.

## Securities in Your Will

If you are making a bequest to the Church and have securities that have increased in value, consider creating instructions for your estate to gift the securities directly to the Church instead of selling them and then donating the cash. This will help your estate save taxes because the government allows you to donate appreciated securities

directly to a Canadian charity without having to pay any capital gains tax.

Below is an example using a bequest of \$10,000 to the Church. As you can see, this simple strategy would save your estate an additional \$1,835 in taxes!

	Sell Shares and Donate Cash	Donate Shares Directly to the Church
Selling Price	\$10,000	\$10,000
Original Purchase Price	\$4,600	\$4,600
Capital Gain	\$5,400	\$5,400
Taxable Capital Gain (Line 3 x 50%)	\$2,700	\$0
Donation Tax Credit*	\$4,012	\$4,594
Tax on Capital Gain (Line 4 x 46%)	\$1,253	\$0
Your Tax Savings (Line 5 – Line 6)	\$2,759	\$4,594

\*Calculations based on the 2011 highest Federal and Ontario personal tax rate bracket. This table is for illustration purposes only. Consult your advisor(s) as your personal circumstances may vary.

## Looking for Stories

Do you have an interesting story or faith-filled reason behind why you have decided to include the Church in your Will? Has the Lord touched your life in a special way that you feel others would benefit hearing about? Would you be willing to share your story in an upcoming issue of our newsletter? If so, the Development Office of the Archdiocese would like to hear from you. All calls are confidential and you have the option of remaining anonymous.



# Ways to Make a Gift of Insurance

A gift of insurance can be an affordable way to create a legacy for your parish or favourite Archdiocesan charity. Here are three simple ways you can make a gift of insurance:

## You can purchase a new policy:

1. If you want to receive a tax receipt for the premiums you pay every year, then simply name the Church as the owner and beneficiary of the policy.
2. If you would like your estate to receive the tax receipt at the time of death, then keep yourself as the owner and name the Church as the beneficiary of the policy.

## You can gift a policy you already own:

3. You will get an immediate tax receipt for the fair value of your policy. You then continue to pay the premiums and get a tax receipt each year from our office. The Church is named as the owner & beneficiary of the policy.

## Insurance is Affordable

Depending on factors such as the amount of the policy you choose, your age and lifestyle, a gift of insurance can be very affordable. For example:

Age	30	40	45	55	65	75
Amount of Policy	\$25,000	\$50,000	\$75,000	\$100,000	\$50,000	\$25,000
Cost/Month*	\$35.25	\$64.50	\$120.75	\$254.00	\$210.00	\$148.05
After-tax Cost of Gift/month**	\$24.28	\$41.78	\$75.44	\$155.18	\$128.85	\$91.78

\*Quotes were based on a healthy non-smoking male applying for a basic whole life insurance policy without any riders. \*\*Calculations based on the highest rate bracket. This table is for illustration purposes only. Consult your advisor(s) to understand your complete financial picture. Your personal circumstances may vary.



## Contact us

*Your Catholic Legacy*, the planned giving newsletter of the Archdiocese of Toronto, is a free publication that is produced twice a year to keep parishioners informed about issues related to estate planning and the many tax-smart and creative ways they can support their parishes and Archdiocesan charities. While all articles are researched and come from reliable sources, you should always consult an advisor before making any gift.



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