

Case Study: Charitable Giving

Learning Objective: Identify the client's charitable giving objectives and discuss alternatives for planned giving.

The Facts

Mildred is a 62-year old widow with no dependents — children or grandchildren. Her husband passed away last year, leaving her all of his assets. She sold their jointly owned home and used the net proceeds to purchase a condominium, which she hopes to be able to retain as her residence for life. At present, her assets consist of the following:

Asset	Fair Market Value	Adjusted Cost Base	Annual Income	Description
Publicly listed common stocks	\$200,000	\$120,000	\$1,000	Growth Stocks
Corporate Bonds	\$250,000	\$210,000	\$15,000	8 years to maturity
Cabin	\$120,000	\$60,000	N/A	Fairly remote area of B.C.
Bird Sanctuary	\$60,000	\$15,000	N/A	Adjacent to cabin
\$50,000 Life Insurance Policy	\$24,000	\$8,000	N/A	Whole Life Non-Par (cash surrender value \$14,000)
Condominium	\$280,000	\$280,000	N/A	B.C. Interior
	\$934,000		\$16,000	

With her and her husband's employment and government pensions, and interest and dividends from the securities, Mildred has an annual income of roughly \$85,000 — enough to put her in a 31% marginal tax (federal & provincial combined) bracket. As the \$1,000 per year she receives from the stocks is nominal and sporadic, and their growth potential is moderate at best, she does not really care about them; but she counts on the \$15,000 annual bond interest to help maintain her standard of living.

Mildred would like to retain the cabin as her “emergency fund” but is no longer able to get out to the bird sanctuary regularly (it was her and her husband's lifelong hobby). She would prefer to turn it over to the provincial government to maintain since the land is considered ecologically sensitive. She obviously does not need the life insurance protection — there is no one to protect — and would like to explore ways to benefit her church and the Cancer Society (cancer was the cause of her husband's death) today while also reducing her current taxes, and thereby improving her current net income.

Question

Suggest three techniques that Mildred could employ to meet her objectives.

Reference

- *257 Advanced Estate Planning Study Guide (Section 2.2)*
- *Wealth Planning Strategies for Canadians, 2019 Edition (Chapter 24)*
- *Estate Planning with Life Insurance, 6th Edition (Chapter 9)*

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