



The Diocese of Edmonton
Planned Giving Office

**Combining a Planned Gift to the Church
with Wealth Replacement**

John and Mary Smith, both in their early 50s, are committed to their church and would like to provide a significant bequest to it while ensuring that they maximize their estate for their children and grandchildren.

John and Mary have done well financially—their house is mortgage free and they have accumulated sizable Registered Retirement Savings Plans (RRSPs). They recently met with their financial planner and concluded that they will not fully deplete their retirement savings plans in their lifetime. They plan to retire in Alberta and are concerned that the RRSPs (or RRIFs) remaining when the second spouse dies will be subject to income tax at 39% (RRSPs/RRIFs can be transferred to the surviving spouse tax free). This would have a significant impact on their children's inheritance and on the size of the gift they could leave to their church.

Their financial planner recommends that John and Mary purchase a joint and last-to-die life insurance policy to satisfy the family's two purposes—to provide money for their children and a substantial charitable gift to their church. She also recommends that the premiums be set so that the policy will be fully paid for before they retire in ten years.

John and Mary will not be able to deduct the premiums for the policy during their lifetimes because they (and not their church) own the policy and its proceeds will be payable to the estate of the last one of them to die. However, that estate will receive the insurance proceeds tax-free, and those proceeds can be used to pay the tax that would be payable on the residual of the RRSP/RRIF and make a gift to their church in their Will. Then the estate will receive a tax credit which can also be used to further reduce the tax payable on the residual of the RRSP/RRIF.

If you have questions or want to learn more about this, or any other, type of planned gift, please contact me, in confidence and without obligation, at the following:

David Connell
Planned Giving Officer
The Diocese of Edmonton
10035 – 103 Street
Edmonton, AB T5J 0X5
Phone: 780-439-7344
Fax: 780-439-6549
Toll Free: 1-877-494-8890
Email: pgofficer@edmonton.anglican.ca