

| EXPERT CONTRIBUTOR

# The Value of Charitable Giving

By Adam McHenry, CFA

## INVESTMENTS

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Dying is not a popular topic of discussion for obvious reasons, but it is a reality of life. However, planning for your estate ahead of time can be very rewarding for you and your loved ones, as it provides your family peace of mind as you age.

While living, a standard strategy that I discuss and employ for clients is tax minimization. This focuses on reducing your annual income tax bills. The theme of tax reduction should remain the same for your estate when you pass away. The only difference, in this case, is that the beneficiary of the tax savings will change from you to your beneficiaries. However, the idea remains the same: by planning ahead of time, you can pay less tax to the government.

Many clients don't realize that they have a choice of three beneficiaries to their wealth: family, government tax and charity. Without completing the appropriate planning ahead of time, the default beneficiaries selected for you are family and government tax. However, clients typically prefer to bequeath their wealth to family and charity. Assuming you selected "family" and "charity" as your preferred beneficiaries, planning is required. There are many tax-efficient ways to achieve your desired estate allocation, but they all require that you address your estate plan while still alive.

As an added benefit, creating an estate plan has the possibility of bypassing probate and estate administration costs. As a result, the estate plan retains more assets in your estate and allows greater wealth to be distributed to your loved ones and the charity of your choice.

At my investment practice, we encourage clients to donate to the causes that are dearest to them. We do this by completing a

**Question for You?**

Which two of the three beneficiaries would you like to leave your Estate to?

*\*\*Note: You must pick at least two.*

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**I want to leave my Wealth to...?**

**Family**

**Government (Tax)**

**Charity**

comprehensive financial strategy for our clients, which identifies tax-efficient sources of capital to donate to the client's charity of choice. This donation not only supports the charity financially, but may have the added benefit of increasing the client's wealth through tax-minimization. If you would like to know more about how you can donate to your charity of choice and enhance your wealth, please reach out to me at 416-901-6500 or email [adam.mchenry@manulifesecurities.ca](mailto:adam.mchenry@manulifesecurities.ca) for a free consultation. For further information please visit [adammchenry.com](http://adammchenry.com).

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