


# Gift Planning Checklist for Advisors

## **BENEFACTION FOUNDATION**



Using the Certified Financial Planner® 6 Step Planning process, Benefaction has developed a checklist of the key activities to perform when preparing a gift plan for your client. Remember, this is just a guide. There are different types of donors - some are interested in a long-term plan, while others may have some flow-through shares that have matured into a mutual fund with a zero cost base and want to use them to make a gift today. This means different levels of work and interaction. As always: Know your client.

You might use this checklist simply as an aid to identify the opportunity - a few key questions or areas to probe with your client. Or it can be used to identify or enhance the client's philanthropic interests and then you can bring in some outside experts to assist. Here are a few key questions to start with:

- Are you interested in philanthropy?
- Are you interested in saving tax at the same time?
- Are you interested in being involved in the details of running a private foundation, or do you prefer to focus on grant-making and let someone else do the work?
- Do you have any securities with large capital gains?

After this exercise you should have a good idea about the client's ability to give and be able to offer a plan to provide added comfort to the client around his or her decision to give.

## Defining the client relationship

Am I the primary advisor for this client?

What other centres of influence are working with this client (accounts, lawyers, charities)? Is there a relationship between these advisors? Is one possible? Identify any potential conflicts. Ideally, you are the one quarterbacking this process.

## Gather client data

Client data details

Age, gender, marital status, occupation, residency, number of children and grandchildren. Is there direct family involvement?

Does the client want to give to charity?

Is there an intention to give? Is the client giving now? To which organizations? What are they passionate about?

Surplus assets

Has the client confirmed their ability to give, through a financial plan? How much can they give and still be safe in retirement and/or have enough of an estate for heirs?

Client's knowledge of tax advantages

Gauge the client's level of understanding of charitable gifts and taxes. Gift planning is an educational process and helping your clients understand the tax benefits is key.

What is the client's giving strategy?

What are your client's current giving patterns? Have they developed a strategy? Are there current structures in place (e.g., endowment fund, DAF, pledge to a charity)?

Does the client have a specific giving target?

Determine what assets and/or income are surplus to their lifestyle needs. Examine tax returns and cash flow, and show clients what they can save while donating too.

Business owner or executive?

Outline any known details of company or stock plan. What type of business is it? Does it have potential value? Does the client want to give corporately or personally?

Giving now or later?

If later, have they included their wishes in their will and/or on beneficiary documents? Can you demonstrate the tax efficiency of giving now AND in the future?

## Analyze and evaluate financial status

Marginal Tax Rate

What is the client's MTR? Look at their tax returns. What are the income sources? Are there any OAS clawbacks? Does the client use advanced tax planning strategies?

Cash and cashflow requirements

Most donors will assess how much they can give based on their assets, but it is important to know if the client has cash/income surplus to their needs.

Retirement Plans

What is the value of the RRSP/RRIF? Who is the beneficiary? Will the beneficiary need these funds? There can be significant benefits of de-registering early and donating.

Life Insurance

Does the client have any existing life insurance policies in place? What are the terms? If no, and they are insurable, could they pay a life insurance premium?

Real estate or other capital property

Does the client own any other property that they may wish to donate? Have they had an independent appraisal done?

Estimated cost of tax on estate

Probate, tax on deemed dispositions at death, including tax on registered plans.

## Activity

## Description

Complete?

## Develop gift plan options

Direct gifts	Benefits of gifting appreciated securities now.	<input type="checkbox"/>
Endowment funds	Is there direct family involvement? What is the funding strategy? Number of years?	<input type="checkbox"/>
Bequests	Consider insurance options to enable charitable bequests while keeping the estate whole.	<input type="checkbox"/>

## Implement the gift plan

Gift contract	This is a document or contract between the donor and the charity specifying the gift and how it should be used.	<input type="checkbox"/>
Other information	Name of accountant and lawyer.	<input type="checkbox"/>
Will	Is it up to date?	<input type="checkbox"/>

## Monitor the gift plan

Tax returns	Assess the annual impact/tax savings. Plan for future donations.	<input type="checkbox"/>
Reports from charity	Request annual reports from the charity. Summary reports from the endowment/donor advised fund.	<input type="checkbox"/>
Will	Annual monitoring to ensure the Will remains consistent with the donor's wishes and their current circumstances.	<input type="checkbox"/>