



Estate Planning: You Can't Take it With You!

Last year, Chuck Feeney gave away the last of his \$8 billion fortune. At the age of 89, after fully distributing his wealth, he declared from a small rented apartment: "To those wondering about giving while living: try it, you'll like it."

Feeney amassed his fortune as the founder of airport duty-free retail. Yet, he's more prominently known as the philanthropist who pioneered the idea of "Giving While Living." His way of living has centred around the belief that since you can't take it with you, why not give it away?¹

Many of us think of estate planning as preparing for what happens after death, but giving while living can play a complementary role. While the obvious personal benefit is the satisfaction of seeing your gift at work, consider that there may be other benefits, including financial ones, from giving while alive:

Reducing the family's "overall" tax bill — If adult (grand)children are in a lower tax bracket than you, there may be tax benefits from transferring investable assets to them. Any annual investment income will be taxed at their lower marginal tax rate instead of at your higher marginal rate. This may reduce an overall lifetime family tax bill. Be aware that gifts to spouses or minors may result in negative tax consequences as any income generated from gifted property or capital gains from gifts to a spouse can be attributed back to you.

Simplifying or reducing your future estate — By gifting assets during your lifetime, you may reduce the size of your estate and thus the burden of managing assets by others later, especially as it relates to real estate or other investments. This may also reduce capital gains taxes at death, as well as probate/estate administration taxes in provinces where applicable.

Maximizing lifetime charitable donation credits — You may receive greater tax benefits by making charitable gifts annually and over time

to enable use of the charitable donation credits to reduce your tax liability, as opposed to having a large donation credit at death which may not be fully utilized.



Potentially reducing future estate conflict — If you wish to distribute your estate in a manner in which some beneficiaries will receive a greater proportion, gifting during your lifetime may help to potentially avoid a situation in which a dissatisfied family member disputes your will.

Other Options to Consider

There may be other ways to pass along assets while living. One consideration may be contributing to a Registered Education Savings Plan for the benefit of (grand)kids. If the child has reached the age of majority, funds may be gifted to be put in their Tax-Free Savings Account.

Keep in mind that, as with any gift, once it has been given, you will have relinquished control. If you wish to maintain control there may be other vehicles, such as a trust, that can be viable alternatives to a gift. Also, careful planning will ensure that you continue to have sufficient funds available for your own retirement. As always, we recommend seeking advice from legal and tax professionals regarding your particular situation.

To read more about Feeney's remarkable life: www.theguardian.com/business/2020/sep/19/billionaire-chuck-feeney-achieves-goal-of-giving-away-his-fortune

1. www.forbes.com/sites/stevenbertoni/2020/09/15/exclusive-the-billionaire-who-wanted-to-die-broke-is-now-officially-broke/

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