

Your Catholic Legacy



Newsletter of the Archdiocese of Toronto Development Office

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Images of Christ

"I have a painting that is worth over a million dollars and I want to give it to you," the voice on the other end of the phone said.

"Where is the painting now?"

"Hanging in my living room."

Normally, I am highly skeptical of "million dollar paintings hanging in my living room" phone calls, but before I could stop myself I said I would drive out to Brampton to see it.

Almost an hour and a half later, after inching along the 401, I arrived at the donor's home. It was an upscale townhouse. I rang the bell.

A man with a German accent answered the door, "Nice to meet you Quentin. I am Gunter. Please come in."

It was a nice place and art was everywhere.

Gunter took me into the living room and said, "I already took the painting down so you can get a good look at it."

The painting was of our Lord. Crucified. On the Cross and at the moment of His death.

I could tell right away that the painting was very old. The paint itself had thin cracking all over it. The frame was big and beautiful and gilded in gold with hand carved clam shells in each corner. Turning the painting over, I noticed worm holes on the back

of the frame. All the nails holding it together appeared to be handmade. It had all the right elements. It was hundreds of years old.

I took out my camera and started taking pictures. "The first step," I began, "is to get an appraiser to take a look. If things still look promising, I would recommend a full appraisal to determine value. After that, we can talk about next steps. We shouldn't get too far ahead of ourselves." I found out later that Anthony van Dyck was a painter who died in 1641. His paintings hang in national galleries all over the world. "Can you bring the painting to my office?" I asked.

Gunter nodded and then looked back at the painting with some sadness, "This painting has been with me for 30 years," he said. "I have gotten so used to seeing it every day. But now that you are here and the possibility of parting with it is becoming real... I don't know. It feels strange. I find myself not wanting to part with it. I am not even a Christian."

After leaving Gunter's home I called Annie who is an art expert our office uses from time to time and gave her the details.

"Ohhhh... I love stories like this!" Annie gushed.

Three days later Annie and I were alone, sitting at my desk and looking at the painting. Annie had an expression like she just eaten a bad grape. "If it's a van Dyck, I'll eat my shirt," she said. Annie leaned forward, lifted up her glasses and squinted, "What gives it away are

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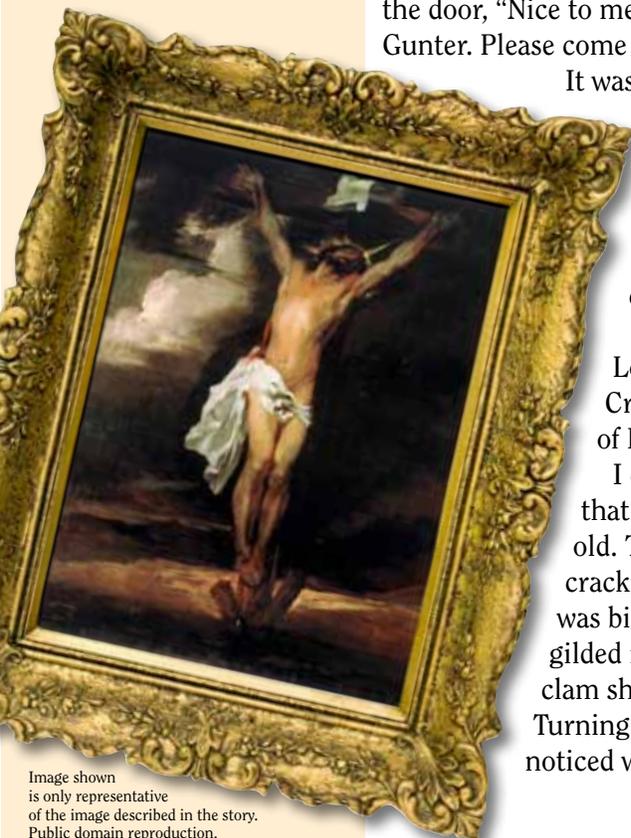


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Images of Christ

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the legs. They are too smoothly painted. And look at the garment around His waist, it is too simple. Anthony van Dyck was a master, especially in the treatment of cloth.” Annie waved her hand in back and forth, as if listening to music and said, “van Dyck’s cloth seems to move...you can see every ripple.” She looked back down, “But what is painted here is not alive...it seems to be *just there*.”

I saw right away what Annie was referring to. No matter how much I wanted it to be a van Dyck, she was right. It wasn’t.

Annie said, “I think this painting was done by someone who was studying under van Dyck. Perhaps an apprentice or admirer of his. It is “in the School of van Dyck”, so to speak.”

“Do you think it is still an important piece?” I asked.

“Absolutely.”

“Do you think we should do an appraisal?”

“Definitely.”

About a week later, the full appraisal came back. I closed my office door and opened the email with excitement, looking for the all-important sentence on the second page that gives the market value.

What followed next was my shocked dismay.

The all-important line read: “In summary and on the basis, of research and analysis, it is my opinion that the fair market value of the subject property as of the effective date is: \$2,500.”

Just when you think you have seen it all, you realize you haven’t.

“What!?!?” I sputtered aloud. “\$2,500 for a hundreds of years old painting?” I flipped through the appraisal rapidly, “The frame has to be worth more than that!” I thought. “It is hand crafted and gilded in gold. A framing expert told me it was one of the finest he had ever seen.”

But the appraisal was right. It had tracked similar paintings sold in auction over the past few years. \$2,500 was accurate. It is what the market was willing to pay for it.

And here in lies the cold irony of this world.

A beautiful hundreds of years old painting of our Lord is worth \$2,500 and, by comparison, an Action Comics # 1 - the first appearance of Superman published in 1938 that originally cost only 10 cents—recently sold in auction for \$2.16 million.

I called Gunter to give him the bad news. I was trying to think of a way to soften the blow. I emailed him the appraisal, thinking it was best he saw it for himself.

Gunter sighed, “It is a professional appraisal and appears in order.”

“Yes,” I replied. “Do you still want to proceed with the donation?”

“To be honest, I am somewhat relieved,” Gunter replied. “I am looking forward to putting Him back up on my wall. I have missed Him.”

“Perhaps that was the point of the exercise,” I replied.

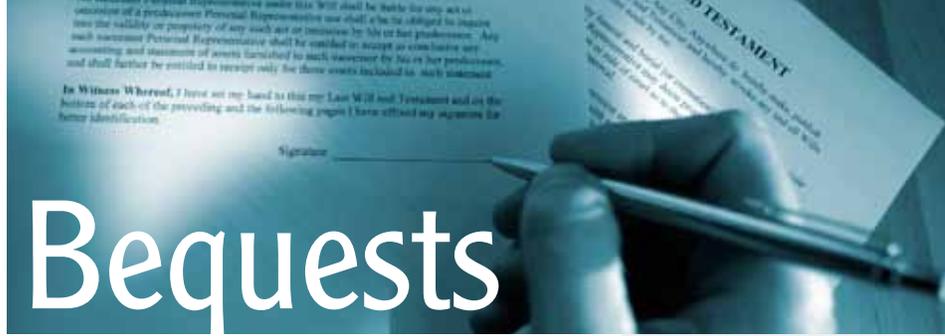
“Thank you for your assistance,” Gunter said.

“It was my pleasure.”

I was out of town when Gunter came to pick up the painting from our office. He and I have never spoken again. I hope someday we will.

If you would like to call Quentin to discuss a legacy gift, please call him at 416-934-3400 ext. 561. The names and details of the story have been changed to protect the identity of the painting’s owner.

Types of Charitable Bequests



A BEQUEST IS A GIFT MADE TO CHARITY FROM YOUR ESTATE OF EITHER CASH OR A SPECIFIC PIECE OF PROPERTY. A *GENERAL BEQUEST* IS GENERALLY A GIFT OF A SPECIFIC DOLLAR AMOUNT FROM YOUR ESTATE. A *SPECIFIC BEQUEST* IS A GIFT OF A SPECIFIC PROPERTY THAT IS NOT CASH. BELOW IS A BRIEF DESCRIPTION OF SOME OF THE MORE COMMON TYPES OF BEQUESTS THAT CAN BE MADE TO CHARITY.

Cash - A gift of cash is the simplest and most straightforward type of bequest. In addition to the benefit of convenience for the estate trustee and the recipient charity, a charitable tax receipt will be issued to the estate for the cash amount of the gift. A gift of cash is not subject to capital gains tax.

Personal Property - Any type of personal property can be donated to charity in the form of a bequest. For example, gifts of art, antiques, furniture, and jewellery are often made to charities. These types of bequests may be subject to capital gains tax if they have appreciated in value since they were first purchased.

Publicly Traded Securities - A bequest of publicly traded securities (i.e. shares) is a common form of specific bequest made to charities. Although when you make a gift of shares, you will be deemed to have disposed of your shares for fair market value as described above. Due to special rules in the Income Tax Act, this capital gain will not be taxed if the security is transferred directly from your account to the charities account. You will receive a charitable tax receipt for the fair market value of your shares on death.

Real Estate - Real estate is another common type of asset that can be donated to charity in your Will. It is important to note that where the property you donate is not eligible for the principal residence exemption

(i.e. it is not the primary residence that you live in at your death), the capital gain realized on the disposition will be fully taxable. You will receive a charitable tax receipt for the fair market value of your property on death, which can help to offset any capital gains tax.

Generally speaking, where you would like to make a gift of property other than cash to charity, it is a good idea to speak with a representative of your favourite charity to ensure that the gift you intend to make is something that the charity either really needs or has the ability to sell after they receive it.

Residuary Bequests - A gift of residue is a gift of a percentage of (or all of) the residue of an individual's estate that is paid out of the assets remaining in the estate after all debts, taxes and other bequests have been paid from the estate. In terms of timing, this type of gift takes longer to pay to the charity as it is necessary for the estate administration to be complete before the gift can be made; however, a gift of residue is a potentially larger gift than a bequest. A charitable tax receipt will be issued by the charity for the value of the residue received by the charity.

In conclusion, there are many other ways to give to charity in your Will that are outside the scope of this article. As such, it is important to seek professional advice when considering a bequest to charity so that you can receive advice on the various tax implications of the type of bequest you are considering. The actual language used in making a bequest is also essential in ensuring that upon your death, the bequest can be made successfully without complication.

A special thank you to Amanda J. Stacey, a partner in the Private Client Services and Charity and Not-for-Profit groups at Miller Thomson LLP, for supplying the above.

Legal Wording – Ask us!

If you have been thinking of putting the Church in your Will and would like to review sample bequest wording before seeing your lawyer, then contact the Development Office. We also have the proper legal titles for your parish or favourite Archdiocesan charity that your lawyer will need.

Don't forget to check out the special **Estate Planning Supplement** in the *Catholic Register* November 3, 2013 issue. Contact our office for additional copies.

Probate at a Glance

Here is a simple table you can glance at to help start a conversation between you and your professional advisers.

Asset	If administered under Will	If not administered under Will	Cost of probate 1.5%	Notes
Insurance Policy worth \$100,000	Probate	Do not probate	\$1,500	If your beneficiary is other than your estate and named directly with your insurance provider in the plan, the death benefit will bypass your estate, will be paid out by the insurance company, and will not attract estate tax.
Cottage worth \$300,000	Probate (most cases)	Do not probate	\$4,500 (if the cottage is situated in Ontario)	If the cottage passes to a joint owner by survivorship, no estate tax is payable though capital gains tax still might be owed by the estate.
Residence worth \$550,000	Probate (most cases)	Do not probate	\$8,250	If the residence passes to a joint owner by survivorship, no estate tax is payable. No capital gains tax is payable where the property was the principal residence of the deceased.
Mortgage (as an investment asset)	Probate (most cases)	Do not probate	Depends on value of asset	If the asset passes to a joint mortgagee by survivorship, no estate tax is payable.
RRSP or RRIF	Probate (most cases)	Do not probate	Depends on value of asset	If your beneficiary is other than your estate and named directly with the plan provider, the asset will be paid directly to the beneficiary outside of the estate and will not attract estate tax. The estate may still be liable for income taxes unless a roll-over to a surviving spouse or eligible child is available.



Special thanks to Eric J. Bundgard, a lawyer with the Toronto-based law firm of Evenson Bundgard LLP, for supplying the table. The table is not intended to be relied upon as legal or financial advice. It is for illustration purposes only. For specific guidance and advice, consult your own legal and financial advisers.



Contact us

Your Catholic Legacy, the planned giving newsletter of the Archdiocese of Toronto, is a free publication that is produced twice a year to keep parishioners informed about issues related to estate planning and the many tax-smart and creative ways they can support their parishes and Archdiocesan charities. While all articles are researched and come from reliable sources, you should always consult an advisor before making any gift.



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