

Salt Spring Island Conservancy

Policy Manual

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Subject: Gift Acceptance and Disposition Policy: IV. Deferred Gifts – Bequests, Residual Interest, Insurance

Date Passed: June 19, 2008

Bequests

The Conservancy will accept the following gifts in a Will:

- An outright bequest or specific bequest. (The gift of a certain sum of money or a specific article to the Conservancy.)
- A gift of residue or a residue bequest. (A gift of either, all or a portion of the funds that are left in the estate after all specific bequests have been dispersed and all taxes, debts and administrative expenses have been paid.)
- A contingency or a contingent bequest. (The gift takes effect only if the primary intention cannot be met. For instance the donor leaves a gift to a charity only if all of his children do not survive him.)
- A testamentary trust. (A trust created through a Will where a donor has made the Conservancy the final capital beneficiary after the death of the income beneficiary of a trust.)

The Conservancy will:

1. Ensure effective communication with the donor, including providing sample will wording.

The donor should be encouraged to seek professional financial, tax and legal advice while making their will as some bequests can have tax consequences for the donor's estate.

2. Ensure that Conservancy staff is not involved in the final preparation of a donor's will. The Conservancy will make it clear in all correspondence and public information that no undue influence was placed or will be placed on a donor when making out a will and that all precautions regarding ethics and confidentiality will be complied with.
3. Fulfill its fiduciary and moral obligation to honour the wishes of the donor by ensuring that gift to the Conservancy is maximized, and not diminished or lost due to an inexperienced executor or to unsubstantiated estate administration expenses.
4. Seek legal advice when a will is not straightforward.
5. Issue a charitable tax receipt to the estate of the donor upon receipt of the funds.
6. Endeavour to honour the donor's wishes as to the use of the bequest funds.

Salt Spring Island Conservancy

Policy Manual

##

Gifts of Residual Interest

A residual interest gift is an arrangement where a donor irrevocably gives real estate or personal property to the Conservancy while retaining the right to use the property for life or for a term of years.

The Conservancy will refer to its Outright Gifts Policy to determine the acceptability of the gift offer.

The donor shall continue to be responsible for real estate taxes, insurance, utilities and maintenance after transferring title to the property unless the Conservancy, upon prior approval of the Board of Directors, agrees to assume responsibility for any portion of these items. The terms of the gift and responsibilities for expense shall be specified in a deed of gift executed by the donor(s) and the Conservancy.

The Conservancy reserves the right to inspect the property from time to time to ensure that its interest is properly safeguarded.

Gifts of Life Insurance

The Conservancy will accept the following gifts of whole life insurance:

- Gifts where the donor irrevocably transfers ownership of a paid-up policy to the Conservancy, and the Conservancy is the named beneficiary
- Gifts where the donor irrevocably transfers ownership of a policy to the Conservancy where the donor continues to make payments either annually or in one lump sum, and the Conservancy is named beneficiary
- Gifts where the donor names the Conservancy as the beneficiary of a policy
- Gifts where the donor names their estate as the beneficiary of the policy and includes a gift in the Will to the Conservancy equal to the proceeds of the policy

Any potential gift that falls outside the parameter of this policy statement will be considered for acceptance on an individual basis by the Board of Directors.

The Conservancy will:

1. Ensure effective communication with the donor to ensure that the donor understands the following:
 - gifts that involve a transfer of ownership are irrevocable
 - the donor maintains the right to change the beneficiary selection where no transfer of ownership occurs

The donor should be encouraged to seek professional financial, tax and legal advice before making the gift as some gifts of insurance can have tax consequences for the donor.

Salt Spring Island Conservancy

Policy Manual

##

2. Obtain the services of an independent licensed insurance agent to review the gifted insurance policy to make certain that its terms and conditions are clearly understood.
3. Decide whether to continue to make the payments in order to secure the future death benefit where a donor ceases to make the required policy payments on an insurance policy and where the Conservancy is owner and beneficiary.
4. Issue a charitable tax receipt to the estate of the donor in instances where the Conservancy is named a beneficiary or where the donor names their estate as the beneficiary of the policy and includes a gift in the Will. The receipt will only be issued upon receipt of the funds.

For Gifts where the donor irrevocably transfers ownership to the Conservancy of either a paid up policy or a policy where the donor continues to make payments either annually or in one lump sum, and the Conservancy is named beneficiary, a charitable tax receipt will be immediately issued to the donor for the cash value of the donated policy and for any annual premiums they continue to pay.

Other Deferred Gifts

The Conservancy will seek advice from its lawyer and financial advisors in the event that a donor seeks to make a gift of one of the following:

- Charitable Remainder Trust
- Charitable Gift Annuity