COVENANT

vision

AN ENTREPRENEUR'S CALLING IN AFRICA:

Reg Allatt's Story

COVENANT.CA

COVENANT®
FAMILY WEALTH ADVISORS

Q&A With Our *Advisors*

Rob Radloff

Partner, Advisor

DO I NEED A SHAREHOLDERS OR A PARTNERSHIP AGREEMENT?

When entering a business venture or investment with a partner, time is often needed to agree on how the partners will interact as owners.

The shareholders must understand what terms they are agreeing to rather than signing a templated shareholders agreement. Some basic terms that should be agreed to are:

- What happens in the event of a partner dying, becoming disabled or leaving the business?
- How is the value of the shares determined when a transaction is triggered?
- Who can a shareholder sell their shares to?
- What business decisions require unanimous consent of all shareholders?

It is best to agree to a shareholders agreement as part of the decision to enter into business together and wrestle through the expectations of how the shareholders will interact as business partners. There is a tendency to think that a shareholders agreement is not required in partnerships between family members. In our experience, this is a mistake, as often the family dynamic and potential of future conflict can make having a shareholders agreement even more critical. A shareholders agreement will reduce the possibility of future conflict, as expectations will already be set with predetermined options for specific situations.

I welcome you to contact me at rob@covenant.ca.

Jeff Chapman

Partner, Advisor

WHAT SHOULD I DO WITH MY WEALTH?

What you do with your wealth should be driven by your vision, not others' expectations. Anything anyone receives from you while you are alive or after you die should be seen as a blessing, not an entitlement or burden. The wealth and things you have are both your responsibility and your opportunity.

If you created it, consider your motivations for building it in the first place, and let that guide your decisions. If you didn't have any goals in mind or never anticipated having as much as you do now, take some time to consider your dreams for your wealth.

What excites you for today and for the future?

- You may wish to pass it on to your descendants as much as possible.
- You may want to fulfill personal ambitions such as living generously, positively impacting the world, or enjoying life experiences.

It's totally up to you.

Whatever your vision is for your wealth, remember that you can only implement your vision while you are still alive. The same principal applies to your time and talents.

Contact me at jeff@covenant.ca, I know we can help.

Mark Brandsma

Partner, Advisor

HOW CAN I REDUCE MY TAX IF I HAVE A HIGH PERSONAL INCOME?

A tax-reduction strategy often overlooked or misunderstood involves the purchase of public flow-through shares with a liquidity provider.

For decades, CRA has offered a significant tax deduction on flow-through shares, which are stock issued by junior mining companies in Canada to fund drilling and exploration. The government provides this tax incentive due to the mining industry's important role in the Canadian economy.

The strategy is also beneficial for someone with charitable objectives because the net cost to donate can be pennies on the dollar.

To unlock the tax benefits, clients purchase these public flow-through shares and donate them to charities of their choice. The shares are sold immediately for cash at a discount to an institutional buyer, or liquidity provider. The liquidity provider assumes the stock market risk. The charity receives the cash proceeds and issues a donation receipt to the donor, generating an additional tax break. By combining these two tax policies, our clients can reduce their taxes, support Canada's mining industry, and give more to charitable causes.

To find out if the purchase of flow-through shares is a suitable strategy for you, feel free to connect with me at mark@covenant.ca.

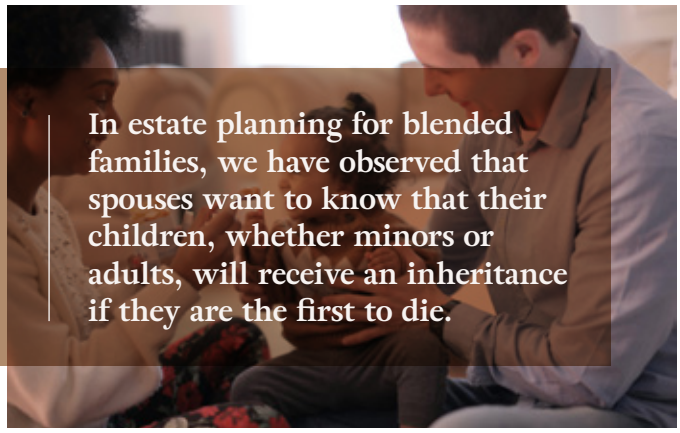
ESTATE PLANNING FOR BLENDED FAMILIES:

More to *Consider*

One of our roles is assisting clients with their estate planning. Several factors can make this a complicated process, but one that creates an added degree of challenge is when there is a blended family. A blended family is a couple who may or may not have children together but do have children from a previous relationship.

The traditional estate planning approach involves the spouses leaving all their estate to each other on the first to die. However, a blended family situation is typically more complex as the individual naturally feels a split commitment to their new spouse and children from a prior relationship.

If a will is drafted using a traditional family approach for a blended family, the surviving spouse will inherit everything on the first to die. But that may be problematic. Years may go by before the second spouse dies, and while there may have been good intentions by the surviving spouse to include stepchildren in the estate distribution, it is conceivable that the surviving spouse may change their mind. If that happens, there would be nothing to prevent that spouse from signing a new will and leaving everything to their children, or a new spouse.



> In estate planning for blended families, we have observed that spouses want to know that their children, whether minors or adults, will receive an inheritance if they are the first to die.

So, *You* Need to Decide

What goes to your surviving spouse, and what goes to your children? It is critical to communicate and agree on how your respective estates will be disbursed, even if the conversation is awkward.

Typically, our advice is that the individuals provide an inheritance for their children on the first to die. That way, all questions about whether the surviving spouse will include the stepchildren in their estate plan will be removed.

In this process, factors that require consideration include the overall size of the estate, the amount each individual brought into the marriage, the age of the children, and the types of assets in the estate.

Once the desired outcome is generally determined, various tools and strategies are available to help with the implementation. For example, you may set up your real estate ownership with either 'rights of survivorship' or 'tenants in common.' For registered investment accounts such as TFSA and RRSP/RRIF you can name specific beneficiaries. Other tools for the blended family to meet estate planning objectives are life insurance and trusts.

We recognize that estate planning can be a daunting task for anyone, but this topic is often more burdensome for those in a blended family. Our goal as family wealth advisors is to provide a platform for these important conversations to take place, leading to increased clarity, better decision-making, and increased likelihood of smooth transitions of wealth.

CLIENT **STORY**

Rwandan Community

A STORY OF TRANSFORMATION IN RURAL RWANDA **THROUGH LOCAL ENTREPRENEURS AND ENTERPRISE.**

> When Reg shared his Kinvest venture with our team, we knew we had to share this inspirational story.

Covenant's relationship with Reg and the Allatt family began in 2008. Our team of advisors has provided multiple services to him, his family, and the family business Global Excel. The services entailed Succession Planning, and Financial and Estate planning.

BACKGROUND TO KINVEST

Kinvest was initially born out of Reg's personal vision to "feed the poor". Over time, and with the help of other entrepreneurs and investors, the vision became more clear - they wanted to lift Africans in rural communities out of physical and spiritual poverty by using for-profit marketplace mechanisms to build wealth through enterprise. They would do this by bringing capital and specialized training to entrepreneurs and farmers in these local communities.

Kinvest is committed to:

- Transforming local African dreamers and leaders into entrepreneurs
- Creating generational economic change through local ownership and enterprise

The strategy is to purchase Rwandan farmland and train local entrepreneurs to produce, harvest and export crops. By positioning these workers to earn a living through farm ownership and operation, they will provide a life-long economic engine for themselves and their local community.

Interview with *Reg Allatt*

MARK PHILIPPA REG

HOW WERE YOU LED TO BECOME INVOLVED IN THIS PROJECT?

I view Kinvest as a personal calling from God. About six years ago, I was reading my Bible and came across a verse about God's love for the poor (to this day, I don't remember the verse). God spoke to me powerfully at that moment, and I felt him tell me to "feed the poor." I wasn't sure what He meant, but there was no doubt that He had given me a command. I asked God for clarification many times during the following weeks and months. As time passed, I continued to ask God and look for an answer. A couple of years later, in August 2019, I was in Rwanda, visiting renewable power projects as part of an investment I had made six years earlier in renewable energy. I was in the office of an off-grid solar company looking at their very poor financials on a television screen when I felt the Holy Spirit say to me, "this is what I meant." At that moment, I felt God say, "this is how I want you to feed the poor." I understood God to be telling me that rural African villages needed ways to create jobs that would create wealth in their communities and "feed the poor"! Although not entirely clear on how to implement His command, I was confident that God had spoken to me in a connected way twice.

TELL US ABOUT YOUR VISION AND INVOLVEMENT.

I immediately thought of a friend from the NGO sector in North America who should join me on this adventure and told him about my experience. Soon after, he became North America's cofounder and Managing Director. From that moment, I began working to make this call from God a reality. A couple of months later I was back in Rwanda and had a divine appointment with someone leading a US micro-finance NGO, who would later become another cofounder of Kinvest and Managing Director for Africa.

Although Covid intervened, our desire to lift rural Africans out of physical and spiritual poverty saw us officially launch Kinvest in April 2020. We spent the first few months strategizing and piloting ideas, and by the fourth quarter of 2021, we had settled on our current development model. We would bring new capital into rural communities while training and developing local entrepreneurs and farmers.

WHAT ARE YOUR GOALS FOR KINVEST?

We actively try to live out the gospel daily as we work alongside local farm workers and entrepreneurs. Our goal is to demonstrate the love of God in the way we work with them and use for-profit marketplace mechanisms to build wealth in rural communities, rather than donations.

WHAT CHANGES HAVE YOU WITNESSED IN THE COMMUNITIES?

We're already seeing lives transformed as people experience increased dignity and self-worth through being able to support their families. On the farms, every day starts with prayer and worship, and in the village marketplaces, discipleship groups have formed amongst the entrepreneurs. We see God's power working as His love touches the people. We are using a form of discipleship on the farms and with the entrepreneurs as our method of evangelism. We see lives transformed, relationships restored, and emotional lives healed. Helping people find hope is the way to bring lasting change to Africa!

WHAT HAVE YOU ENJOYED ABOUT THE VENTURE?

God has blessed me in my business. I always knew His blessing was not simply to become wealthy. He has taught me to use all I have learned in whatever way He directs me. Kinvest has been an excellent opportunity to experience God's blessing while following His lead.

IN CONCLUSION, WHAT WOULD YOU SAY TO OUR READERS?

The world needs African agriculture as they currently hold 60% of the world's uncultivated arable land, and the potential to feed over 60% of the world by 2050. Financial assets are necessary to make this dream possible.

FOR MORE INFORMATION,GO TO
KINVESTGLOBAL.COM

How Will Your Children Participate in Your *Wealth?*

> If you have more wealth than you are going to consume in your lifetime, you need *a plan* for what will happen with the rest of it.

Planning is particularly important for how your children will or will not participate in your wealth. There are three general paths you can take. While many will utilize a blend of these alternatives, it is helpful to consider each independently. In general, family wealth can be:

- Given to charity or other third-parties
- Given to family members
- Retained in a multi-generational wealth system for ongoing family participation

Giving to charity and others can fulfill a desire to positively impact the world or achieve personal convictions arising from your values or faith. On the other hand, you may limit the wealth going to your children or grandchildren out of concern for potential negative consequences such as reduced motivation, attitudes of entitlement, or destructive behaviours. If you take this path, it is important to be certain of your plan and to communicate it openly with your children, ensuring they understand why. Communication could accelerate the independence and character you want them to develop and avoid potential future resentment or conflicts. They might even join you in giving to important causes.

Giving your children some or all your wealth is the most common approach. While your heirs may appreciate this approach more than it being given to charity, planning, communication, and preparation are still required to ensure positive outcomes. If you own business or property assets, you should define how they will be held and managed. It would be best if you also considered how to minimize potential negative consequences related to motivation, entitlement, destructive behaviours, or strain on relationships.

Creating a multigenerational wealth system can be fulfilling but has the most opportunity for conflict. Families might own significant businesses, property, or other assets they determine to steward together as a team to benefit current and future generations. In this case, the critical path for the parent is to involve the children early, preparing them and the structure to support ongoing success. Everyone must understand and embrace the vision, roles and rules.

You must also determine when to transfer wealth. In general, the more of your wealth you can distribute while you are alive, the better. You can ensure it is used according to your wishes and transition it gradually while monitoring its effect on the beneficiary. You can enjoy allocating the wealth instead of someone else doing it after you are gone. In all cases, planning, communication, and preparation of your heirs will support a successful wealth transfer that blesses everyone involved.

www.covenant.ca | 1.888.629.0044 | info@covenant.ca
DESIGN BY **STUDIOTHINK**

Our *Services*

FAMILY. WEALTH. HARMONY.®

Covenant Family Wealth Advisors' certified financial advisors and succession planning specialists help guide families through the technical and emotional aspects of wealth management, estate planning and family business succession. Our experienced team of Christian financial advisors uses a perspective that is rarely found in traditional planning. We work closely with you to develop a Holistic Stewardship Plan that encompasses financial planning, estate planning, family business transition and philanthropy.

FINANCIAL PLANNING

Comprehensive plans to optimize and simplify your financial life through the integration of your family, wealth, business and philanthropic assets and activities.

TAX-INTEGRATED PLANNING

Achieve tax savings through holistic planning and integration of taxable entities.

INVESTMENTS

We help you connect to investment services suitable for your unique circumstances.

RISK MANAGEMENT AND INSURANCE

Insurance-based strategies to manage risk and support peace-of-mind for future plans and events.

STRATEGY AND GOVERNANCE STRUCTURES

Gain clarity, confidence and a healthy system from top to bottom for all stakeholders through formalized structures that govern the family, ownership, and management arenas.

ESTATE PLANNING

Tailored plans to support family harmony, value preservation and lasting legacy through the fulfillment of your wishes.

SUCCESSION PLANNING

Sustain value and opportunity for current and future generations through planned or unplanned transitions.

FAMILY BUSINESS ADVISING

Guidance through both the technical and emotional aspects of doing business together as a family.

BEHAVIOUR AND CAREER ASSESSMENTS

Insight into behavioural and career profiles, leveraging The Birkman Method® to support effective communication, healthy partnerships and meaningful career paths.

PLANNED GIVING AND FOUNDATIONS

Planning for the most effective expression of your philanthropy with integration into your overall financial plan and objectives.

Our *Promise*

EFFICIENT

We know your time is valuable. We promise to be efficient when we call or meet.

PROVEN

We promise to provide you with a suite of products that have served wealthy business families well.

TAILORED

Your situation is unique and we promise to make sure your plan is personalized for you and your family's needs.

CONFIDENTIAL

We promise to protect your information as if it was our own.

UNDERSTANDABLE

We promise to make any complex issues easy to understand.

VALUE-FOCUSED

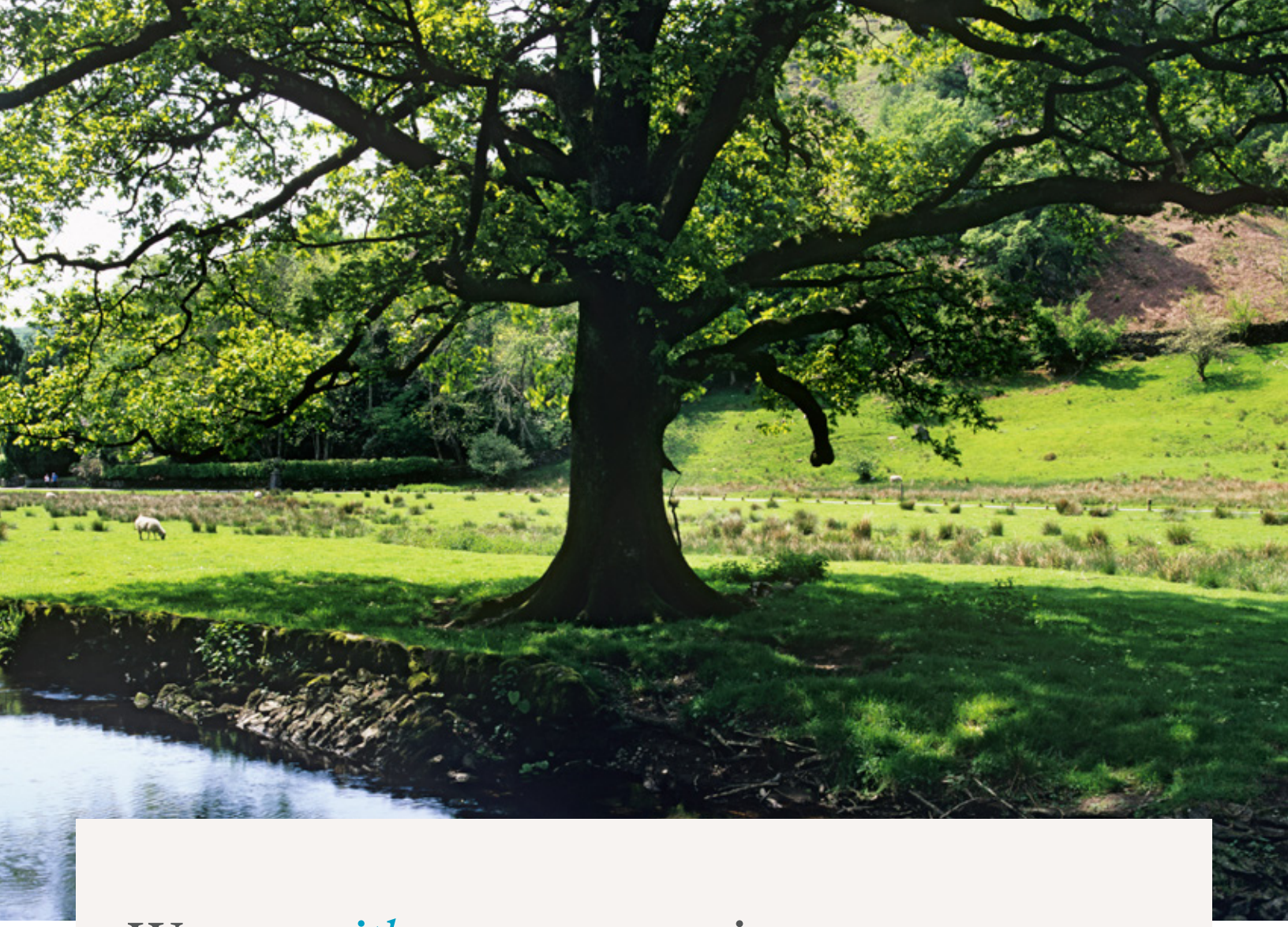
We promise to be held accountable to the values we promote.

SIMPLIFIED

When something is difficult, we promise to find a way to simplify it.

RESULTS-DRIVEN

We promise to help you achieve the results you desire.



We are *with you* on your journey, helping you overcome the challenges of family business and wealth.

Jeremiah 17:7-8

Blessed are those who trust in the Lord...
They are like a tree planted along a riverbank
with roots that reach deep into the water.

COVENANT®
FAMILY WEALTH ADVISORS

Financial & Estate Planning
Business Succession Planning

Schedule *a conversation.*

Connect with us

Canada Wide	1.888.629.0044
Website	covenant.ca