University of Manitoba

Planning Matters

July 2009

Why I gave back: Gini's story

By Kathryne Kouk

Last year, Gini Lauder [BA/82, AC/94, CIT/00] established a planned gift – something she never thought she would be able to do on her limited income. Lauder, who lives with multiple sclerosis, created the Gini Lauder Bursary for a Student in the Faculty of Arts. By naming the University of Manitoba as a beneficiary of her life insurance policy, she was able to make her gift fit into her budget. Lauder tells her story in her own words below:

One of the best decisions I've ever made is establishing a future gift to the University of Manitoba. I have always had a deep appreciation for education, and I wanted to support something that would really make a difference.

In 2008, I named the university as a beneficiary of my life insurance policy, and specified that the money would be used to fund the Gini Lauder Bursary for a Student in the Faculty of Arts. This way, I can help future students pay for books, tuition and any other needs they may have.

"Education is just so important. It is vital to keep learning and growing at all ages."

My brothers, my late father and I all attended the University of Manitoba. The university has been wonderful to them and to me – it provided us each with a great education, and I always knew I wanted to give back someday.

In 1995, I was diagnosed with multiple sclerosis and my life changed forever. Suddenly, I was facing a host of new challenges. Yet, living with MS only inspired me to celebrate my life even more. And part of that meant I wanted to do something to honour my *alma mater* and my love of education.

I needed to find a way to make my gift without changing my limited financial situation. One day an answer occurred to me – I could donate part of a life insurance policy that I'd owned for over 50 years. My late grandmother had bought this for me when I was a child. Making the University of Manitoba a beneficiary of the policy was a great way to leave a legacy without changing my day-to-day life.

Isbister Legacy Society Luncheon

Thursday, September 10, 2009

An afternoon of music and news. Please join us for the fourth annual Isbister Legacy Society luncheon.

Opening Remarks:

Dr. David T. Barnard, President & Vice-Chancellor, University of Manitoba

Keynote Address & Performance:

Dr. Edmund Dawe, dean of the Marcel A. Desautels Faculty of Music, will talk about the exciting changes in store for the faculty with the coming of Project Domino. Following the presentation, Dr. Dawe will be joined by other members of the faculty for a musical performance.

A grateful student

Heather McRae is a Métis graduate student in the Ph.D. Studies for Aboriginal Scholars (PSAS) program. As a recipient of several scholarships, she appreciates donors who support student awards.

"I left my rural community to move to Winnipeg and pursue a university education when I was 17 years old. My post-secondary education path has spanned eight years of study, and last year was the first I did not have to work full time. I am grateful for how the PSAS program and funding helps me be present in the lives of my family, friends and community. I would like to give heartfelt thanks for your generosity, not only on behalf of myself and present and future PSAS students but also our families, friends and communities."

A picture of giving

By Stephanie Fehr

Combine the elements of a good education with a strong work ethic and you have a formula for success.

Stuart Irvine [BSc/57] earned his chemistry degree from the University of Manitoba and developed it into an accomplished career at Kodak Canada, working at the photo giant for 35 years, first as a production supervisor and then as a manager.

He attributes his success to his U of M education. "I wouldn't have been hired without my chemistry degree," he says.

Now retired, Stuart keeps in touch with his *alma mater* and supports the Faculty of Science's endowment fund and student awards. "I give to the science fund every year because students want to get ahead and some do need help," he says.

Stuart has recently decided to include the University of Manitoba in his will. "I've followed the U of M through the alumni magazine for all these years and watched it grow and accomplish things," says Stuart, who lives in Mississauga. He adds that he and his wife Isabel have four adult children (all well educated) and four grandchildren (being educated).

"The U of M is an excellent university and it's done a tremendous amount of building. We have a strong alumni and it's an important part of the university."

Did you know?

The University of Manitoba's endowment provided $13.5 million in support of students and University activities last year, and has provided $56.8 million in support over the past five years.

In 2008-2009 more than 95 new student awards were created.

Thank you for supporting students at the University of Manitoba!

Annuity pays off

By Stephanie Fehr

John Kuryk has an eye for economics. That's why he chose to make a gift to his *alma mater* via a charitable gift annuity.

Kuryk attended the University of Manitoba after serving in the Royal Canadian Air Force during the Second World War. "I always wanted to go to university," says Kuryk, who qualified for tuition assistance from the government because of his years of military service. "I studied economics because I grew up during the Depression and was always curious why it happened."

Armed with a major in economics, Kuryk worked in the financial sector until he retired in 1982. He credits his university education for his success and now he wants to encourage others to pursue a degree. "I think education is very important and sometimes people need assistance along the way," he says.

That's why he's set up two charitable gift annuities at the U of M that support scholarships.

"Everybody benefits all around," says Kuryk, "the university, me and my wife and the students who will receive scholarships."

A charitable gift annuity is an arrangement under which a donor makes a contribution to the university and receives guaranteed payments for life. The U of M retains a portion of the contribution – for which a tax receipt is issued – and purchases an annuity that pays a return to the donor.

To top it off, Kuryk says some portion of the income from his annuity is tax-free, making it an even more attractive option.

"My wife and I don't have any family and we're older so what we need is income," he continues, "especially since my wife is in a personal care home. Through the University of Manitoba and Desjardins, the rates were as good as anywhere, or maybe even better, plus we got a tax receipt for each contribution, which was very handy."

Giving back in uncertain times

By Beth Proven, Manager of Planned Giving

In times of economic crises, the methods used in planned giving to structure future or tax-wise donations become even more relevant for philanthropic individuals. If your budget is tight but you still feel strongly about supporting the University of Manitoba, consider the following options:

Bequests

Donations in your will allow you to leave a gift to your *alma mater* without affecting your current cash flow. Even an individual with a very modest estate of just $100,000 might consider a gift of 10% of their estate, or $10,000. A gift of this size makes a huge impact to a university student and still leaves the bulk of the estate for the family's use.

Charitable Gift Annuities

Annuities provide a rate of return based on your life expectancy, which means that older individuals receive higher rates. Men in their late 70s and women in their early 80s benefit the most from annuities since they receive high interest rates which give them larger payouts.

RRSP/RRIF or Life Insurance Beneficiary Designations

One of the easiest ways to plan a gift is by simply changing your beneficiary designation on RRSPs/RRIFs or life insurance policies to "The University of Manitoba at Winnipeg, Manitoba, Canada". Doing so does not affect your current cash flow, will provide a tax receipt to help offset taxes in your final estate, and removes these assets from probate, legal and executor fees.

Charitable Remainder Trusts (CRTs)

The value of the CRT's tax receipt is based on what the capital will be worth when the donor passes away. Usually, the trust's future worth is determined using rates from long-term bonds. The value of the tax receipt for a trust which was established when rates are low would be higher than if you set up the trust during a time of high rates.

Death and taxes: Some things to know

By DeWayne Osborn CGA, CFP

Estate planning is about planning for the future to ensure that your wishes are carried out. It also involves planning for your final tax return to minimize the taxes that come off your estate.

When someone dies, everything they own individually is "deemed to be disposed of" at fair market value. "Deemed" is a term used by Canada Revenue Agency, which means that they dispose of the property, by selling it or giving it away, for tax purposes only. Nothing actually happens to the property itself. I use the word "individually" because some properties may be owned by another person as well.

Jointly owned properties may not be deemed to be disposed of in the event of death. In fact, these properties do not form part of an estate, so they are generally not subject to probate fees, estate challenges, etc., and the ownership of the property transfers to the other person tax-free. Ownership is important because if the value of property that is deemed to be disposed of is worth more than what a person paid for it, one half of the difference in value (i.e., the capital gain) is income that must be reported on the deceased individual's final tax return.

A word of caution: there are different ways to jointly own property, so it is important to check with your financial advisor to ensure that property ownership is appropriate for your particular circumstance.

Another issue is that income can increase dramatically at death. A legal representative must report all of a person's income up to the date of death. Income includes items such as salaries, investment income, capital gains, and the fair market value of the person's registered investments (e.g. RRSP, RRIF). For example, if a single person with no children dies in 2009, with a salary of \$100,000, and has an RRIF with a fair market value of \$250,000, the reported income will increase to \$350,000 in the year of death. In most provinces, the majority of that income would be taxed at the highest rates (44% or higher).

Fortunately, there are ways to reduce the tax burden on an estate. Anyone with a spouse can transfer the balance of his or her registered investments to their loved one and it will be tax-free. Another way to avoid taxes is to name a charity as the beneficiary of the RRSPs or RRIFs. The RRSP or RRIF will flow directly to the charity to help the community, bypassing the estate, and the resulting tax receipt will eliminate a significant portion of the tax owed. Making a bequest in your will also achieves the same result.

It is important to use knowledgeable people when preparing a final tax return. Depending on the income and when it was received, a tax preparer may be able to use optional returns to report some income. If some income can be reported on another tax return, it can be sheltered from tax through deductions such as basic, age, and caregiver amounts. Charitable contributions can be used on optional returns to further reduce the tax you have to pay.

DeWayne Osborn is a Winnipeg-based financial advisor and planned giving expert, who authored a manual entitled "A Charitable Guide to Planned Giving".

Contact

University of Manitoba
Development & Advancement Services
179 Extended Education Complex
Winnipeg, MB R3T 2N2

Phone: (204) 474-9195 or
Toll-free 1-800-330-8066
Fax: (204) 474-7635
Website: umanitoba.ca/admin/dev_adv
Email: planned_giving@umanitoba.ca

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