



# UNIVERSITY OF MANITOBA

## Establishing a Bequest in Your Will

### **Directing Your Gift**

The most important step in the process of creating a bequest in your will is deciding how the bequest will be used once the university has received it. What will your legacy be?

Indeed, it is the university's preference to receive unrestricted bequests, which allows the President to allocate the gift to the area of greatest need on campus. As times change, so do the university's priority needs. Unrestricted gifts allow the university the greatest flexibility in meeting the most urgent needs.

Many individuals prefer to establish the intent of their legacy, rather than leaving the use open to the university to determine. When specifying intent, it is important to review your plan with the Manager of Planned Giving to ensure that the university can meet your wishes when the time comes. This helps to avoid difficulties later on if the university, or your executor, does not understand your intent, or if your wishes cannot be met as specified in your will.

### **The Importance of Gift Agreements**

Whenever possible, it is our preference to establish written terms of reference or letters of intent to accompany the will document. These signed agreements ensure that all parties have clear directions as to how your bequest will be used.

Once your plans are finalized, you will be in a position to instruct your lawyer. Sharing your plans with your family members allows them to share in the celebration of your legacy and can help to ease the period of grief.

If you have already decided to create a legacy by leaving a bequest to the University of Manitoba in your will, there are a few details that you will need to pass on to your legal counsel to ensure that the bequest is properly structured. Please feel free to request a copy of our sample will clauses. Your lawyer will also need the university's legal name: The University of Manitoba at Winnipeg, Manitoba, Canada. The university's charitable number is 11926-0669-RR0001.

# Considerations in Making the Most Tax-Wise Bequest

## Estate Tax Credits for Bequests

Your estate will benefit from a tax receipt equal to the amount of any gifts to charity. The ensuing tax credit may help to offset estate expenses such as probate fees, taxes, legal or executor fees .

## RRSPs and RRIFs

RRSPs and RRIFs are taxable to your estate. One way of offsetting the taxes owing is by making your estate the beneficiary of your RRSPs or RRIFs, and by leaving a bequest in your will to the university. Your estate will use the tax receipt issued for the bequest, which will generate a credit to help offset the taxes payable on the RRSPs or RRIFs.

## Life Insurance Policies and Bequests

Proceeds from life insurance policies are not taxed as part of your estate; and your estate can be named the beneficiary of a life insurance policy. This option might make sense to preserve the balance of the estate, for family or charity, if there are estate costs, taxes or other fees.

## Testamentary Charitable Remainder Trusts

Trusts allow you to provide income security for your spouse or other family members and can also provide significant tax advantages. The assets are placed in a trust and managed by a trustee. Your family member(s) would receive taxable annual payments from the income generated by the trust, for life or for the period specified by you. Should you opt to make the university the irrevocable owner of the assets placed into the trust, a tax receipt will be issued to your estate based on its expected future value to the university. The resulting tax credit from the tax receipt can be helpful in offsetting estate taxes owing.

## Bequests of Appreciated Property

Appreciated property can be donated to the university through a bequest. A tax receipt will be issued based on Canada Revenue Agency's fair market value rules in effect. The resulting tax credit may help to offset any capital gains taxes owing on the appreciation of the property. It is important to ensure that the university can accept the property prior to donating it in your will.

## Bequests of Appreciated Publicly Traded Securities

The income tax consideration for gifts of publicly traded securities makes these gifts particularly tax-efficient. The donation will eliminate the capital gains tax payable on the securities. This is also true for publicly traded securities donated through your will.

For more information contact:  
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*The purpose of this publication is to provide general information, not to render legal advice. In addition any changes in the tax structure may affect the examples listed in this information. You should consult your own lawyer or other professional advisor about the applicability to your situation.*