



Planning Matters

Fall/Winter 2005

An Attitude of Gratitude

To paraphrase the late, great Hank Snow, university graduate Dorothy Harrington (née Grahame) has indeed “been everywhere.” Originally from Teulon, Manitoba and now living in the United States, this Class of ’50 Human Ecology graduate has lived and traveled extensively throughout her life, going to exotic destinations such as Italy, Turkey, the Middle East and Switzerland. Everywhere she visited, Harrington felt truly thankful for the experience, and it is why she is committed to ‘giving back’ to the university.

Harrington enjoys recounting her days at the University of Manitoba. High on her list of fond memories is living in Taché residence, despite that “all of us had to sign in and out with the fellow on the door, and we only got to go home one weekend a month,” Harrington recalls with a smile. Living on campus gave Harrington a chance to meet students from across Canada, as well as those from other faculties. Her university career was filled with fun and great times despite Mother Nature’s best efforts to spoil the party. As Harrington points out, 1950 was not only her grad year; it was the year of Manitoba’s Great Flood. She laughingly recalls how she and her dorm mates would “run out every night to see how high the



Dorothy Harrington and Beth Proven, Manager of Planned Giving, September, 2005.

river was...to know if we’d be floating in our beds the next morning!” As a result of the flood, Harrington’s class never had a graduation ceremony. She was the proud recipient of two scholarships, including the prestigious Isbister Undergraduate Scholarship in 1949. In fact, it was Harrington’s connection to the Isbister Scholarships that led to her decision to donate to the university in later years. A recent contribution was made in the form of a charitable annuity. “It makes you feel good about helping others” says Harrington. “Also, it’s a good rate of return on your money, and the income tax break is helpful. There are pluses all the way around.”

Charitable gift plus annuities (though seemingly complex) are a great way to give back to the university while earning a competitive rate of return on your investment. For more senior donors, the entire amounts of the annuity payments are tax-free. At a time in life when many seniors need to be care-

ful with their savings, charitable gift plus annuities can be a helpful tool.

In Harrington’s case, the charitable gift plus annuity was a natural fit. As she recalls, her generation (raised in the shadow of the Great Depression and coming of age during the Second World War) “...knew how to make our own fun.” Clearly, Harrington’s generation also knows how to make its own legacy, which will benefit the generations of students coming after them.

In This Issue

- Annuities Q & A..... 2**
- UM News..... 3**
- Pharmacy Scholarship.. 4**
- Advisor’s Corner 4**
- Life Insurance Gifts..... 5**
- Student Financial Aid .. 5**
- Breaking New Ground . 6**

Gifts That Keep on Giving

Many people hesitate to make a larger gift to the University of Manitoba because they are reluctant to surrender an income-producing asset. Loss of income is a particular concern when interest rates on savings are low. Also, many individuals with guaranteed investment certificates (GIC's) and other fixed-income investments have seen their income decline, and dare not reduce it further by contributing any of their capital. One solution to this is the gift plus annuity program at the University of Manitoba. This initiative is a good way to support the university while maintaining, even increasing, the income they have to spend.

Q: What is a gift plus annuity?

A: A gift annuity is an arrangement under which you make a contribution to a charity and receive, in turn, guaranteed payments for life. When the contribution is made to the university, we will retain a portion of your contribution, either for present use or to build a future endowment, depending on your wishes. The balance will be used to purchase (through a licensed insurance company) an annuity on your behalf that pays the agreed amount. The payments can be made to you on a monthly, quarterly, semi-annual or annual basis.



Q: Can the payments continue to a surviving spouse?

A: Yes, the annuity can be written so that payments are made as long as either spouse is living. Upon the death of a spouse, the surviving spouse will continue to receive the full amount without interruption.

Q: Is the amount of my payments subject to change?

A: No, the payments will remain constant throughout your lifetime, unaffected by changes in the economy or interest rates.

Q: How large will my annuity payments be?

A: The amount of your payments depends on your age, the amount you contribute and the annuity rates in effect at the time of your gift.

Q: What are the tax benefits of a gift plus annuity?

A: There are two possible benefits. All or a major portion of your annuity payments will be tax-free. The tax-free percentage will depend on your age and sex, but for more senior donors, the payments will be *entirely* tax-free. Also, under recent changes in federal legislation, all donors are now entitled to a donation receipt, which can reduce income taxes significantly in the year of the gift. (The amount of the donation receipt you may use in any given year is limited to 75 percent of your income, but the excess may be carried forward for up to five years beyond the year of the gift.)

Consider these examples:

Harold and Anita R., ages 79 and 75, contribute \$50,000 to the university for a gift plus annuity. They receive an annual income of \$3,504 as long as either of them lives. Of this amount, \$2,825 is received tax-free.

For a contribution of \$25,000, Morton B., 74, receives an annuity of \$1,972 per year, of which 84.1% is tax-free, and a donation receipt for \$6,250 which will reduce his income tax in the year of the gift.

In return for a contribution of \$10,000, Rose D., 78, receives a lifetime annuity of almost \$800 per year, of which 91.2% is tax-free and a donation receipt for \$2,500.

Q: Can I get my principal back when I want?

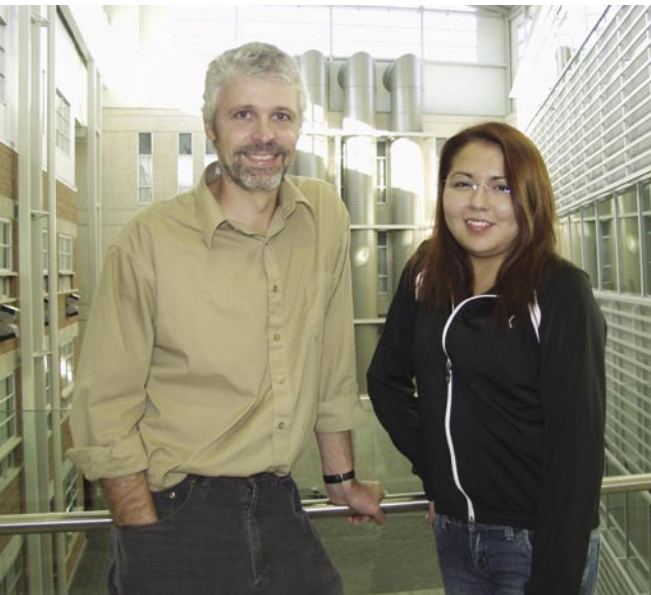
A: There is an initial ten-day period during which you can rescind your gift. After that time, the principal cannot be returned. The tax benefits are allowed only when the gift is irrevocable. You should always retain enough assets to meet your anticipated needs.

Q: How do I go about arranging a gift plus annuity?

A: Just let us know you're interested! A representative of the university will be happy to meet with you to show you exactly what the annuity rate and tax benefits would be in your situation, and to answer any questions you may have. We encourage you to review that information with your own financial advisor.

ENGAP Celebrates 20 Years

Whether it's helping a student find a place to live or source out some day care space, Randy Herrmann is accustomed to dealing with the unique needs of his students. Herrmann is



ENGAP director Randy Herrmann with student Jamie Robertson, inside the newly opened Engineering and Information Technology Complex.

director of the Engineering Access Program (ENGAP), a one-of-a-kind program at the University of Manitoba designed to help primarily adult, Aboriginal students pursuing an engineering degree.

“Most of our students have different priorities and life concerns than the average student in their first year. Many are going home to cook dinners for their kids, put the kids to bed and then around 9:30 begin to study,” says Herrmann. “It’s a different reality.”

Students in the Engineering Access Program take the same courses and fulfill the same degree requirements as any other engineering graduate. The difference is that ENGAP provides the resources and services to better ensure they succeed. Some services available to students include personal, social, academic and financial support.

“Students in the program often need assistance finding a day-care,” says Herrmann. “Other students appreciate the opportunity to speak with a counselor about the common culture shock of moving from a small community to the city.”

Once a month, Herrmann and his staff gather the students for a meeting or to socialize. Over the holiday season, there’s a party and students are encouraged to bring their children. It’s a tightly knit environment enjoying strong success. More than one-third of Canada’s Aboriginal engineers (there are 150) received their education at the University of Manitoba.

“We’ve had 54 Aboriginal graduates to date. Compare that across the country: there’s nobody, as far as I’ve ever been told, even in the double digits,” says Herrmann. “This program is making a difference.”



Second-year Dental Hygiene student, Chandra Kehler, demonstrates proper oral hygiene during a one-on-one consultation at Siloam Mission.

Something to Smile About

In the fight against tooth decay, dental hygiene students at the University of Manitoba are on the frontlines. In early November, second-year students in the School of Dental Hygiene hosted the fourth annual ‘Soup Up Your Smile’ event at the Siloam Mission and Agape Table, both inner-city soup kitchens.

The students constructed interactive displays and activities to teach patrons how to avoid tooth decay and gum disease. Visitors also received oral hygiene product packages and on-site examinations. Patrons requiring immediate treatment were sent by taxi to the Health Action Centre Dental Clinic (HAC) for free dental care. The HAC is affiliated with the Faculty of Dentistry’s Centre for Community Oral Health.

“Research is showing there is a link between poor oral health and more serious health problems like pneumonia, heart disease, diabetes and having premature babies. ‘Soup Up Your Smile’ teaches people how to prevent problems and where to go in the inner city for regular oral health care and treatment,” says Professor Mickey Wener.

Scholarship Celebrates Former Faculty Member

On September 27, the Faculty of Pharmacy held its annual wine and cheese reception. It was at this event that the newly established 'Dr. Roman (Roy) Bilous Scholarship' was presented for the first time by benefactor Irene Lewis (née Bilous) of Vancouver, sister of Dr. Bilous. Joining the celebration were Lewis's sister, Emily Bryk, and her son and daughter-in-law, Tom and Donna Bryk.

Bilous (a Class of '43 Pharmacy graduate) was the first recipient of the Faculty of Pharmacy Gold Medal in 1943, and was also awarded the Flexon and Manitoba Pharmaceutical Association Silver Medals. In 1967, he received a Master of Science in Pharmacy

in 1957. Twenty years later he became a professor and served as Acting Dean (1986-87), instructing such subjects as Advanced Pharmaceuticals, Manufacturing, Pharmaceutical Analysis, Inorganic Chemistry and Physical Chemistry. Bilous retired in January 1988.

"I am very proud of my brother and his contribution to pharmacy education in Manitoba," said Lewis in her presentation speech. "It is with the greatest joy that I present my brother's inaugural scholarship to Allison Diane Stasiuk and I wish her every success in all her endeavors."

Established by Lewis in 2002 with personal gifts that were then matched by the



Allison Stasiuk, Mrs. Lewis and David Collins, Dean of Pharmacy, September 2005.

from the University of Manitoba and in 1972 he received his Ph.D. in Pharmacy from the University of Wisconsin. Hired by his former professor Dr. McDougall, Bilous joined the Faculty of Pharmacy at the University of Manitoba as Special Lecturer

Manitoba Scholarships and Bursaries Initiative, the endowment fund now sits at nearly \$37,000. Lewis has also provided for this fund in her will, and has been a wonderful supporter of other initiatives in the Faculty of Pharmacy.

Income Tax Reduction ~

The Planned Giving Way

Changes to Canadian tax laws now means there has never been a more tax-advantaged time to give. Many different methods of charitable donations exist. Planned giving includes gifts to a charitable institution in the form of bequests, gift annuities and life insurance policies, to name a few. The benefit to the charity can be immediate or long term, such as current capital or research projects or scholarships. The benefit to the donor comes in the form of tax deductions, plus the satisfaction that comes with helping others. Many consider planned giving as a means of continuing their philanthropic activity with the benefit of diverting some of their life's assets from Canada's Revenue Agency to the charitable institution and their families.

One method of making a planned gift is the use of life insurance. The proliferation of RRSPs often results in a large tax bill at the time of the death of the last spouse. This can lead to a significant reduction in the total estate your beneficiaries receive. By naming the university as the beneficiary of a life insurance policy, the university receives the life insurance proceeds and your estate receives the tax deduction, thereby reducing the tax payable on your final tax return. It is important to ensure the life insurance contract is set up correctly to accomplish your goals.

For more information, contact a professional Certified Financial Planner or the Manager of Planned Giving.

Nancy E. Streuber is a Certified Financial Planner at Streuber Financial Group. Contact her at (204) 925-0010.

Wealth Replacement Explained

Not only can a gift of life insurance help ensure a family's financial security after a death; it can accomplish a substantial gift to charity through the concept of wealth replacement. The concept is best explained through a simplified example:

Suppose a retired couple own a cottage (or another asset such as art work, real estate or appreciated capital property) that they had intended to leave to their two children. The children plan to sell the cottage since they both live in a different province and are unable to use it.

The couple may donate the cottage to charity. The resulting tax credit allows them to purchase a joint life insurance policy with their children named as beneficiaries. The life insurance policy is taken out in the amount equal to the value of the cottage. Because the combined life expectancy of the couple together is longer, the premium payments on the policy are reduced.

Upon death of the surviving spouse, the children receive the benefit of the life insurance policy tax-free, whereas the estate would have been taxed for any appreciated capital gains on the cottage.

Making a Gift of Life Insurance

There are three common situations in which a gift of life insurance may greatly benefit estate planning while helping to achieve philanthropic goals:

1. Donation of an existing policy: As a person's circumstances change, life insurance policies that were once considered important to estate planning may no longer be needed. In this case, individuals can choose to donate their life insurance policy to the university. If the policy is paid up, the charity will issue a tax receipt for its cash surrender value. If the policy is not paid up, the charity will issue a tax receipt for any future premiums paid.

2. Purchase of a new policy: A person may purchase a new policy and assign the university as its owner. The university then designates itself the beneficiary. The individual pays the life insurance premiums on the policy and receives a charitable tax receipt for each premium as it is paid.

3. Designating the university as the beneficiary of an existing policy: An individual may simply choose to designate the university as the beneficiary of an existing policy for which they retain ownership.

For Your Consideration

Student financial aid is essential to the University of Manitoba as a means to attract the best and brightest to our institution. In order to stay competitive with other Canadian universities, we must continue to increase the value of student support when it comes to scholarships, bursaries and fellowships. The following list highlights areas which various faculties have identified a critical need for an increase in awards. If you are thinking of making a gift to student support, please take time to consider one of these areas.

Faculty	Area of Greatest Need
Arts & Science	Graduate Fellowships
Agricultural and Food Sciences	Major scholarships to help with student recruitment Travel scholarships for undergraduate students
Architecture	Bursary support across all years in undergraduate & graduate programs Travel scholarships/awards
Education	Graduate Fellowships
Engineering	Engineering Access Program Undergraduate Scholarships
Human Ecology	Department of Textile Sciences Undergraduate Scholarships & Bursaries
Music	Undergraduate & Graduate Scholarships & Bursaries
Nursing	Undergraduate Scholarships & Bursaries



CCGS Amundsen docked in Churchill, Manitoba.

Breaking New 'Ground'

The Arctic ice cracks and heaves below the icebreaker's great weight, grudgingly giving passage to the Canadian ship pushing through. On board, a group of researchers eye the landscape and prepare for another opportunity to push new frontiers in scientific study.

"There isn't another ship like it. This is getting us back on the way to what Canada used to be in terms of Arctic research," says University of Manitoba professor and director of the Centre for Earth Observation Science David Barber.

The CCGS Amundsen, a Canadian Coast Guard heavy icebreaker, was refitted in 2003 for its new role as a base for Arctic research and the ArcticNet Centre of Excellence. The University of Manitoba and the University of Laval are the two primary universities involved in ArcticNet, each receiving one-third of the funding, with other university partners sharing the remaining one-third. On board the Amundsen is a team

of researchers drawn from 23 universities and five federal departments. The ship is a floating laboratory for the scientists aboard, tracking along Canada's Arctic coastline, mapping the ocean floor below it, and making frequent stops for researchers to test the ice, air, water and earth. Ultimately, scientific discoveries made in the far north will provide valuable information on climate change and global warming.

In October, the Amundsen docked briefly in Churchill. On hand to welcome researchers and tour the Amundsen were Churchill residents, government officials and members of ArcticNet. It was an opportunity to showcase the work the University of Manitoba is doing in Canada's north along with other important initiatives; researchers aboard the Amundsen also work closely with people in the north, inviting local people on board to share their knowledge of the local area and providing health outreach programs.

What's in a Name?

In April, the Department of Private Funding was reorganized to reflect the integrative efforts essential to fundraising. Out of this emerged two new and distinct departments: the Department of Development and the Department of Advancement Services. The Department of Development works on the frontlines of fundraising, such as taking the case for support to the community. The Department of Advancement Services is responsible for administration of fundraising efforts and tracking donations. The reorganization of our departments is accompanied by a new look for our letterhead and other presentation materials, which serve to underscore this new era in collaboration from staff in both departments as they work collectively to meet the fundraising goals of the university.

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