



Tax Considerations for those Planning a Bequest

Each province has its own tax rate. For example, in Manitoba, a bequest of cash will return almost 46.4% of that bequest back to your estate as a tax credit. While tax savings alone do not usually motivate an individual to make a bequest, it can be beneficial. In the year of death, 100% of your estate is going to be considered income. But, in the year of death and for one additional year, you may claim the equivalent of up to 100% of your income in charitable gifts.

Take the following example:

A donor in Manitoba leaves a \$300,000 cash bequest to a charity. The donor's total net income reported on the terminal tax return is \$300,000. The will provided for no other charitable bequests, and the donor had completed no charitable gifts during the final year of life.

Bequest	\$300,000
Amount creditable on final return	\$300,000
Tax credit (assuming combined Manitoba and Federal tax credit of 46.4%)	\$139,200
Net cost to make gift	\$160,800

Surplus tax credits can be carried back to the previous year. Bequests of publicly traded securities made to the university in your will result in an elimination of the capital gains taxes on those assets, further offsetting the cost of the gift.

Use the handy calculator tool below to calculate the cost to your estate of making a charitable gift. Just enter a potential bequest amount and pick your province.

Enter your planned bequest:

Pick your province for its tax credit:

This is the tax credit for your province:

This is the net cost to make the gift:

The purpose of this calculator is to provide an example, not to give professional advice. You should consult your lawyer or financial planner before adding any charitable gifts to your estate plans. Provincial and Federal charitable tax rates are subject to change.

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