

# Legacy Gift Planning Guide



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## Legacy Gift Planning team and our role

### Our role

A legacy gift takes a lot of thought, and the **Legacy Gift Planning team** is here to listen to your story and motivations and to offer personalized support. With our training and expertise, we can help you create a legacy that is impactful, enduring and a true expression of your values.

### Let us know

We want to thank you for your generosity, welcome you to our community of Legacy Gift Planning donors and most importantly, talk to you about what you hope your gift will accomplish here at Western.

### Feel free to contact us to discuss your plans

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**PLEASE SEEK EXPERT ADVICE:** The information provided in this guide is not and shall not be construed as tax, accounting, legal, regulatory or other professional advice. Western University strongly recommends that you obtain your own professional advice tailored to your situation.



## Giving a gift in your Will

Naming Western in your Will is a straightforward way to make a meaningful impact on a cause that is important to you. After you provide for your loved ones, you can assign a percentage, a specific dollar amount or specific assets to Western.

### Benefits

**Simple:** Work with your lawyer or online Will to draft, revise or add a codicil to your Will to include a gift to Western.

**Flexible:** You can designate your gift to an area you are passionate about or make an unrestricted gift, giving Western flexibility to maximize future opportunities.

**Tax effective:** Western issues a charitable tax receipt for the total value of your gift. This receipt reduces the tax payable on your estate's tax return.

**Peace of mind:** You can make changes to your Will at any time.

### How to arrange a gift in your Will

Share the **sample language** below with your lawyer to consider including in your Will:

I give and bequeath \_\_\_\_\_% of the residue of my estate [OR the sum of \$\_\_\_\_\_] to THE UNIVERSITY OF WESTERN ONTARIO to be used by the University OR by the Faculty/Department of \_\_\_\_\_, in support of its highest priority needs. The receipt of the treasurer or other officer of this organization shall be a sufficient discharge to my trustees. If changed circumstances should at some future time make it impractical, impossible or contrary to law to use or continue to use this bequest for the designated purpose, the University may vary the purpose to most nearly accomplish the intent of the gift.

OR you can also contact our team to customize language for your Will unique to your wishes.

# Donating financial assets (RRSP, RRIF, TFSA)

Naming Western as your beneficiary to a financial asset can be an effective way to reduce the taxes payable by your estate and, at the same time, create an enduring legacy.

You can name a beneficiary to a life insurance policy, a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF) or a tax-free savings account (TFSA).

If you do not name a beneficiary and you pass away without a surviving spouse or qualifying dependents, the full remaining value of your RRSP or RRIF is added to your income in the year of death. Your estate must then pay taxes, often creating significant estate liabilities. If, however, your RRSP, RRIF or TFSA has Western as a direct beneficiary, your estate receives a donation receipt for the entire value of the asset, offsetting tax liability.

## FOR EXAMPLE:

Bill makes Western University the beneficiary of his \$120,000 RRIF. Here's what happens:

- Bill creates a future gift that will have a meaningful impact at Western.
- When he passes, his estate receives an immediate tax credit of \$120,000, offsetting other taxes of approximately \$54,000 (amount varies by province), that can be distributed to other beneficiaries.

## Benefits

**Easy:** It's easy to name a beneficiary to a financial asset and lessens the burden on your executor/estate trustee.

**Flexible:** You can designate your gift to an area you are passionate about or make an unrestricted gift, giving Western flexibility to maximize future opportunities.

**Eliminates probate, legal and executor fees:** Your gift is not subject to estate administration tax (formerly, probate costs), or delays in settlement. The entire proceeds are payable to Western upon your death.

**Tax effective:** Western issues a charitable tax receipt for the total value of your gift. This receipt reduces the tax payable on your estate's tax return.

**Peace of mind:** The designation is revocable and can be changed if your circumstances alter.

## How to arrange a gift by beneficiary designation

- 1) Contact the firm that holds your assets and request a **Change of Beneficiary** form.
- 2) Complete the form using Western's legal name: **The University of Western Ontario** and Charitable Registration No. **10816 2587 RR0001**.
- 3) Contact our team to ensure your gift is designated to an area at Western you care most about, and we will ensure your wishes are honoured.



## Gifts of publicly traded securities

A gift of publicly traded securities is one of the most tax-effective ways to support Western, now or through your Will. Making a gift of shares, bonds, bills, warrants, futures or units of mutual funds listed on a prescribed public stock exchange directly to Western may eliminate the tax on their associated capital gains. As a result, your estate may see considerable tax savings that may increase the amount distributed to other beneficiaries. In contrast, if you choose to sell appreciated securities during your lifetime, or if these assets are liquidated through your estate, tax must be paid on 50 per cent of the capital gains on those securities.

**FOR EXAMPLE:** Robert wishes to make a gift of shares worth \$50,000 to Western. The original purchase price of the shares was \$20,000. Here's what happens:

Assume he is taxed at a rate of 46 per cent of combined federal and provincial charitable tax rate (varies by Province). See the difference in taxes paid if he sells the shares and donates the proceeds versus donating the shares directly to Western.

	<b>Sells Shares, Donates Proceeds</b>	<b>Donates Shares to Western</b>
1. Value of the shares	\$50,000	\$50,000
2. Original purchase price	\$20,000	\$20,000
3. Capital gain	\$30,000	\$30,000
4. Taxable gain (line 3 x 50%)	\$15,000	\$0
5. Donation receipt	\$50,000	\$50,000
6. Donation tax credit (calculated at 46%)	\$23,000	\$23,000
7. Tax on capital gain (line 4 x 46%)	\$6,900	\$0
8. Net tax savings (line 5 – line 6)	<b>\$16,100</b>	<b>\$23,000</b>



## Benefits

**Tax effective:** If you leave securities to Western through your Will, your estate will receive the tax benefits that may increase the amount distributed to other beneficiaries.

**Flexible:** You can make an impact with a gift of appreciated securities now or through a direction in your Will and you can designate your gift to an area you are passionate about.

**Cost effective:** You can make a gift without depleting your bank account by putting some of your assets to work.

## How to arrange a gift of securities through your Will

Share the **sample language** below with your lawyer to consider including in your Will:

I give and bequeath \_\_\_\_\_% of the residue of my estate [OR the sum of \$\_\_\_\_\_] to THE UNIVERSITY OF WESTERN ONTARIO to be used by the University OR by the Faculty/Department of \_\_\_\_\_, in support of its highest priority needs. To save the Estate capital gains taxes on appreciated securities in my Estate, my Trustee may use my appreciated securities first to make a gift-in-kind donation. The receipt of the treasurer or other officer of this organization shall be a sufficient discharge to my trustees. If changed circumstances should at some future time make it impractical, impossible or contrary to law to use or continue to use this bequest for the designated purpose, THE UNIVERSITY OF WESTERN ONTARIO may vary the purpose to most nearly accomplish the intent of the gift.

OR you can also contact our team to customize language for your Will unique to your wishes.

# Gifts of life insurance

By naming Western as owner of an existing or new life insurance policy during your lifetime, you can make a significant legacy gift for a relatively small financial cost today.

There are two common options to discuss with your advisor:

- 1) Transfer an existing policy to make Western the owner and beneficiary. A charitable tax receipt is issued for the policy's accumulated value at the time of transfer. Any continued premium payments also qualify for charitable tax receipts. Western strongly recommends that you discuss this option with your financial or legal advisor before any transfer occurs.
- 2) Purchase a new policy in which Western is named as the owner and beneficiary. You continue to pay the premiums and receive a charitable tax receipt for those payments.

**FOR EXAMPLE:** Jane has a \$100,000 life insurance policy for which she still pays premiums of \$2,000 a year. The policy also has \$5,000 built up cash value in the policy. She irrevocably transfers it to Western. Here's what happens:

- Jane creates a future gift when she dies in the amount of \$100,000 filling her with a sense of satisfaction and happiness knowing that her support will have a significant impact on future students at Western.
- She receives an immediate tax credit of \$5,000 giving her approximately a \$2,250 to \$2,300 return for her current tax year (varies by Province).
- She receives a tax credit every year that she continues to pay for the policy of \$2,000 for which she gets back approximately 45% (Note: amounts vary by Province).

## Benefits

**Easy:** Your life insurance and/or financial specialist can advise you on the type of policy that would best fit your needs, custom design your policy and carry through with the necessary paperwork.

**Cost effective:** This is a way to make a more significant gift than you might otherwise be able to without reducing your current assets or your estate later.

**Eliminates probate, legal and executor fees:** Life insurance is not subject to estate administration tax (formerly, probate costs), or delays in settlement. The entire proceeds are payable to Western at maturity or upon your death.

**Tax effective:** With some arrangements, you may receive charitable tax receipts for the premiums being paid or the policy's cash value that you can use on your next tax return.

**Peace of mind:** You can designate your gift to an area you are passionate about.

## How to arrange a gift of life insurance

- 1) Contact your financial advisor or insurance broker to discuss your options.
- 2) Please contact our team to ensure a smooth transaction and clarify how you wish to designate your gift.

# Gifts through your donor advised fund or private foundation

If you've chosen to establish a Donor Advised Fund or Private Foundation and Western is a beneficiary, please consider advising us so we can properly thank you for your generosity.

We are also here to work with you and your advisor to ensure your gift is directed to an area at Western you care about most.



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