

FINANCIAL PLANNER



Nurturing a Family Tradition

“There were a lot of good causes I could give to, but because of my background and attachment to Queen's, it seemed like an obvious choice.”

That's how Donald Travers, a long-time, now retired, member of Queen's support staff, explains his decision to leave money to the University.

Although Travers never attended Queen's, “I was more into the technical side of things,” he says of his decision to study at Ottawa's Algonquin College, there can't be many people who can boast a stronger connection to the school.

Don's grandfather on his mother's side was Professor John Cole Gwillim, professor of mining at Queen's from 1903 to 1920. His mother, Gwyneth Travers, was a Queen's Arts graduate (1933), who later studied at the Agnes Etherington Art Centre under André Biéler and Grant Macdonald, and achieved renown as a maker of woodblock prints and woodcuts featuring scenes of Kingston and Queen's. “Probably her most famous work was of the Grant Hall clock tower,” Travers says. “People wanted that for their graduation present.” His brother Peter (Sci '77) attended Queen's, as did a cousin, Alan Travers, who worked for many years as the coordinator for career services in the Faculty of Education.

Growing up near Queen's, at 234 Albert Street, Travers remembers the campus as “very green, like a park.”

“We played around there, used the tennis courts – and watched the antics of the students.” Their mother took them to watch Toronto Varsity burned in effigy



Don Travers

in the middle of Leonard Field, and he and his brother sneaked into football games at the old Richardson Stadium. “We'd go in two hours early, avoiding the AMS constables, and hide under the stands. Then we'd come out and watch the Golden Gaels. I can remember the east side bleachers as a sea of Queen's colours, with people swaying and singing the ‘Oil thigh na Banrighinn...’”

In 1970, his schooling finished, Travers was back home in Kingston, wondering what to do

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next. He saw an ad posted at Queen's, applied, and got hired on as a laboratory technician in the Department of Pharmacology. Three years later, he moved over to the Department of Physiology.

"It was a good environment for me," he says, "just made to order. I worked with a good bunch of people, and we definitely had a real commitment to the University and to the students." Travers retired in 2007 after 37 years in the Faculty of Health Sciences.

His decision to remember Queen's in his will grows out of his family's long-time connection to the University and reflects their personal values.

"For them," he says of his parents and his grandparents, "a house was a home, not an investment. These people really looked after things. The Gwillims had amassed investments over time, not massive but blue chip. Mother protected and preserved those assets."

Travers continued their tradition of careful stewardship when he inherited these investments and, on the death of his brother, the old family home on Albert Street. "I came to realize — that it was their money," Travers says, speaking of his mother and grandfather. He himself has never married and has no heirs. Leaving something to Queen's to commemorate John Cole Gwillim

and his mother just seemed like the right thing to do.

Don's gift to the University will include a substantial legacy that will help top up the J C. Gwillim prize, an award given annually to a second year undergraduate in mining engineering that was founded by his grandmother in 1955. It will also establish the Gwyneth Travers Internship to provide students from the Faculty of Arts and Science with the chance to work or take classes at the Agnes Etherington Art Centre. Says Travers, "If there are people who are interested in the arts and talented, I'm happy to support them."

The third part of Travers's legacy will go to the Campus Beautification Project, to help Queen's maintain the park-like campus Travers played in as a child, those lush green spaces that mean so much to the University and the broader Kingston community. "I tell people if they want to remember me, don't bother with a service, just plant a tree somewhere." His mother had a tree planted more than three decades ago to honour his estimable grandfather and grandmother. Another will be a nice touch — a leafy, living reminder of a family and an association with Queen's stretching back more than one hundred years.



Gwyneth Travers Arts'33



Professor John Cole (JC) Gwillim (second from right) with the Dominion Geographical Survey Party (1899) near Atlin, BC

RRSP or RRIF Donations: Reward a Charity Instead of CRA



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Many Canadians have accumulated significant savings in their RRSPs or RRIFs, taking advantage of the preferential tax treatment granted to these plans. The tax rules were designed to encourage Canadians to save for their retirement years by

making contributions tax deductible (within certain limits) and allowing plan investments to grow on a

tax-free basis until withdrawn. If a person dies holding an RRSP or RRIF the entire remaining value of the plan is taxable to the deceased in the year of death (unless

the plan can be rolled tax-free to a spouse's or a financially dependent child's or grandchild's RRSP or RRIF). The resulting tax bite can be high. Consider an Ontario resident in the top tax bracket in the year of death – almost half of his or her RRSP or RRIF would end up in the hands of CRA and not in the hands of the desired beneficiaries.

Did you know that all or a portion of your RRSP or RRIF can be donated to your favourite charity when you die? Giving away your RRSP or RRIF to that special charity may actually take less away from your heirs than you think.

Meet Helen. Helen is a proud alumna of Queen's University living in Ontario. Helen has three adult children who will inherit the majority of her estate. Helen is very interested, however, in giving part of her estate to Queen's. Included in her assets are her RRIF and a RRIF that she inherited from her husband on a tax-deferred basis. Helen wants to understand the impact

	No Donation of RRIF	Donation of \$150,000 RRIF
Tax Result		
RRIF value – inclusion in income	\$300,000	\$300,000
Other income on final tax return	100,000	100,000
Taxable income on death	400,000	400,000
Income tax (Federal and Ontario)	165,500	165,500 41.38%
Donation tax credit	n/a	(69,600) 46.40%
Total taxes paid	165,500	95,900
Net Cost of Donation		
Tax savings from donation		69,600
RRIF value to Queen's		(150,000)
Net cost of donation		(80,400)
<p>In this case, Helen's donation credit (at 46.40%) would actually exceed the tax on her RRIF income inclusion (at 41.38%) and the excess would reduce the tax on her other sources of income. (The donation tax credit rate relative to the income tax rate depends on a number of factors including province of taxation and level of income). Helen is very pleased to know that her alma mater would receive \$150,000 on her death and that her children's inheritance would only be reduced by \$80,400.</p>		

of donating her RRIF to Queen's. The chart on the facing page provides a snapshot of the cost of the donation assuming that the value of each of the RRIFs is \$150,000, or in total \$300,000, when she dies. (Assume that Helen's other sources of income in that final year will be \$100,000.)

Helen's story shows that the donation of an RRSP or RRIF is a tax effective way to leave a legacy to a charity that you feel a strong affinity towards. Here are some other issues that you should consider if you are thinking of supporting Queen's with your RRSP or RRIF.

- In the year of death an individual's maximum donation limit is increased to 100% of net income (from 75% of net income). This 100% limit also applies to the year before the year of death (if the gift is large relative to income, the donation credit can be used in the year before death). Remember that your RRSP or RRIF value is included in your net income on your final return.
- An income tax receipt would be issued by the charity for the full value of the donated RRSP or RRIF on the date of death.
- RRSPs or RRIFs can be donated to a registered charity through a bequest in a will or a direct designation by naming the charity as a beneficiary of the plan. (Note that Quebec residents cannot make a direct designation). The tax rules will recognize either method as a charitable donation deemed to have been made immediately before death. The RRSP or RRIF needs to be transferred to the charity within 36 months of donor's death.
- If the donation of the RRSP or RRIF is made under a direct designation rather than through a bequest:
 - No tax would be withheld by the financial institution which means that the entire plan balance could be paid directly to the charity (but note that the RRSP or RRIF value is still taxable to the deceased in the year of death as described above) and
 - The RRSP or RRIF will not form part of the estate and therefore will not be subject to probate. This will avoid probate fees on the plan value, maintain
- privacy since the asset will not be part of a public record and also will mean that your donation reaches your chosen charity faster.
- Remember to clearly provide the legal name of the charity, its address and charitable registration number.
- If married, consider naming your chosen charity (or more than one charity) as an alternate beneficiary in the event your spouse predeceases you or you die at the same time. (RRSPs and RRIFs can transfer to a spouse on a tax free basis so generally the spouse is named as the primary beneficiary/successor annuitant). Make sure you keep your designation current – for example, if your RRSP matures into a RRIF or if you change financial institutions, you will need to make a new designation.

Royal Legacy Society

The Royal Legacy Society, established to recognize those alumni and friends who have thoughtfully remembered the University through a bequest or another future gift commitment, is named in honour of Queen Victoria, who established Queen's University by Royal Charter in 1841.

Royal Legacy Society members receive a Certificate of Appreciation signed by the Principal and Vice-Chancellor, and may choose to be recognized on our donor wall housed in the 1923 Reading Room of Douglas Library.

If you have already remembered Queen's with a future gift, please let us know so that we can appropriately honour your intention.

We look forward to welcoming you into the **Royal Legacy Society**.

For more information, please visit our website at queensu.ca/giftplanning/royallegacysociety

Digital Assets: What They Are and Why They Matter

BY IAN COUTTS

We live today in a digital world. Although many of us reached adulthood before the advent of the personal computer, let alone the Internet, we have adapted. We tweet. We have profiles on Facebook, accounts on Flickr or Pinterest. Even those of us who don't feel we are particularly plugged into the so-called social media, or terribly interested in it, use email and may do our investing and banking online.

Perhaps because the digital realm is so new, and maybe because there is so little in this brave new world to hold onto physically, when we think about the part of our lives lived online, the word "asset" never comes to mind. Stocks and bonds, a car, furniture – these we understand. And when thinking about our wills and doing our estate planning, we deal with them. But a Snapchat account? That doesn't seem relevant somehow.

In fact, they are no less assets for being digital in nature. Nor are they something that concerns only younger people. According to one account in the *Wall Street Journal*, more than 500,000 members of Facebook died in 2012, and their accounts didn't automatically expire when they did.

What exactly are your digital assets? A brief list would include the following:

- Financial documents and accounts, used for banking, investing and bill paying
- Social networking accounts – Twitter, LinkedIn, Facebook and so on
- Video and photo sites such as YouTube and Flickr
- Websites and programs
- Online businesses such as eBay and Etsy

"Right now, we are living through a truly unique period in human history. We have learned how to create vast digital legacies but we don't yet know how to tidy them up for our successors."

Sumit Paul-Choudhury, *New Scientist*, May 15, 2012

Up front it must be said that the challenges of dealing with one's assets in the digital world are daunting. Right off, while our traditional assets are governed by the laws of property, a lot of our online assets are wrapped up with contracts – those terms and conditions we agree to, often without paying too much attention, when we set something up online. These can differ from site to site – and even over time. Such challenges aside, you should still include your digital assets in your estate planning.

Creating a diary is a great way to begin this process. When you are online, whether it is to use Netflix or manage a trading account, take the time to write down your username and password – and the answers to any security questions you might be asked. In terms of prioritizing, one way to start would be by listing those assets you would miss the most keenly if your computer were stolen. Don't worry about doing this all at once – there are probably accounts you have online that you use very rarely and others that you have almost forgotten. This is a process that may take several months. A lot of people today have money automatically deducted from their accounts to pay bills or support charities. Those need to be listed somewhere as well for your executor. All this information needs to be stored safely – to prevent theft of your identity or the contents of your accounts after you're dead. There are a variety of ways to do this – some people might consider using a digital system such as Password Box or My Vault that allow you to store information and manage digital assets. Others might feel safer writing it down and storing it somewhere secure – such as a traditional safety deposit box.

As you go through your assets, consider what you want done with them. For instance, if you have a Facebook account, do you want it closed, or left up as a memorial to your life? Is there someone in your family who might enjoy the music you have purchased on iTunes? Perhaps you have accumulated a hoard of

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bitcoins online, or a truly powerful weapon, the result of years of playing World of Warcraft – these may seem absurd, but someone you know might be touched to receive them. Some of your accounts might have strict privacy conditions in place that prevent you from doing this. It's probably a good idea to look into this as well.

It may well be that your current named executors will be able to look after these assets for you. Or you might want to appoint a "digital" executor, someone comfortable with this world, someone who can deal with these assets and make sure they are disposed of in the way you have requested.

As said, this is a very new world. The law is still uncertain how, exactly, to deal with this new class of assets. Nevertheless, it is still a good idea to create a digital asset plan to let you manage (as far as possible) the disposal of assets that (however intangible) will form a growing portion of our estates in future.

The Initiative Campaign

Launched publicly on September 29, 2012, the half-billion dollar Initiative Campaign is about investing in the people of Queen's who – like the generations before them – will not waver in their pursuit of excellence. It is about unleashing the potential of our thinkers and doers.

Our goal is to provide an environment where opportunity meets excellence. To do this, we will:

- Be the destination for exceptional people
- Enhance our students' learning experience
- Secure our global reputation in discovery and inquiry
- Nurture a supportive community

There are many opportunities to invest in the people of Queen's by supporting the Initiative Campaign including gifts in life insurance and estate gifts.

Learn more at: queensu.ca/initiative



INITIATIVE CAMPAIGN
Unleashing the potential of our thinkers and doers
queensu.ca/initiative



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If you would like to receive future issues of this newsletter by email, please contact us at gift.planning@queensu.ca

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