Free Personal Affairs Record from Queen’s University*

Investment ideas . . . tax saving techniques . . . planning for retirement . . . suggestions for a truly thoughtful will . . . all of these can be tremendously important to our many friends – so important, in fact, that we have undertaken to provide reliable tax and financial information as part of our long-range development activities.

Based on this experience, we are pleased to make such a booklet available to you. Our Personal Affairs Record is a rich reservoir of vital information – checklist of your vital statistics, your personal assets and debts, the location of your will, your personal advisors, your insurance policies and retirement benefits, information on trusts, the location of tax records – in short, all the facts, figures, names and numbers that play a role in your life and in the lives of your beneficiaries.

Our Office of Gift Planning will be delighted to send you a Personal Affairs Record if you simply return the attached reply card. We’ll also be glad to provide you with more information on estate and financial planning and on the opportunities, programs and goals of Queen’s University.* There is, of course, no obligation.

*Residents of the United States

U.S.-based alumni and relatives can make donations including bequests directly to the University under the Canada-United States Income Tax Convention. Matching gifts, gifts from other American citizens or residents, or gifts from corporations, foundations, trusts and IRA accounts should be directed to the U.S. Foundation for Queen’s University at Kingston (Employer ID #92-1994522). Our U.S. Foundation is a 501(c)(3) tax-exempt organization recognized under the U.S. Internal Revenue Code.

Financing for your situation.

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.

T he took classes in base-

ni and friends who have thoughtfully remembered the University a gift, please let us know so that we can appropriately honour

including the basement of Brocking-

ers for Queen’s School of Rehabilitation Therapy. Nearly 50 years later, they remain close friends and colleagues and are committed to giving back to their school and their university, both as individuals and as a group.

Sitting down to talk with three of them – Cathy Ambler, Linda Watson and Linda Shrout – and the bond among them, and their gratitude to the school, quickly becomes obvious. “The program shaped my life,” says Ambler (to the others’ agreement), “it opened up doors for me.” Being part of a new program had its challenges. “The rehab program was later getting established,” says Watson. “We weren’t accepted until the middle of the summer when they knew it was going to go.” (In fact, Shrout didn’t even apply until after August.) Classroom space was wherever the school could find it – and it worked.

Linda Shrout, Cathy Ambler and Linda Watson

including the basement of Brockington House, then a men’s residence. “We were at the height of the baby boomers going to university and there was a real crunch for space,” remembers Watson. “I was one of a number of rehab therapy students living in the LaSalle Hotel (now the LaSalle Mews on Princess Street).”

“We had the whole fourth floor and our own door. In those days in residence on campus, you had only one phone per floor. We had double rooms, each room had its own bathroom – luxury!” Watson remembers Watson. “I was one of a number of rehab therapy students living in the LaSalle Hotel (now the LaSalle Mews on Princess Street).”

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Plan Ahead to Avoid Family Feuds

Everyone would like to think that heirs will get along well after the death of the will. The reality is, however, that many simmering feuds boil over when it comes to dividing assets among family members. Try as they might, parents aren’t always able to divide assets evenly. Here are some ways to minimize future friction over inheritances:

- Have a serious discussion with your children now, particularly if your estate will not be divided equally. You may choose to leave more to one child than the others for any number of reasons (medical concerns, financial setbacks or simply to even out assistance given to others throughout your lifetime). If the children don’t know in advance why some are treated differently, it may result in lingering hard feelings.

- Disputes often arise when family members decide how to divide personal property. If there are specific items that you wish to leave to certain family members (e.g., the grandfather clock to the oldest child or the diamond earrings to the daughter), write a letter of instruction. Unlike a will, a letter of instruction is not a legal document, so it can be changed without the rigid requirements for witnessing. Or, you could give these assets during your lifetime, to ensure that they pass as you wish. This also removes the value of the items from your gross estate. Keep in mind the relative value of the items left to your children. You may wish to have periodic appraisals done to keep the values roughly equal. The appraisals will also help the executor prepare a valuation for estate tax purposes.

- Consider different options for the family home. The house can be sold, with the proceeds divided equally among the children. If one child wishes to live in the house, you may choose to leave the home to that child and give assets of equal value to the other children. Another option is to allow one child to purchase the home from his or her siblings. The same can be done with a vacation home, or it can be left in joint ownership, for the continued enjoyment of all family members.

- When designating assets for the children, consider the tax consequences. For example, life insurance passes free of income tax to the beneficiary; while an IRA, by contrast, can be taxable income when the beneficiary takes distributions. If you name the US Foundation for Queen’s University* as the beneficiary of part or all of a retirement account, income tax is avoided on that share.

IRA Charitable Rollover Made Permanent

Since 2006, Congress has extended on an annual basis the ability of IRA owners ages 70½ and older to make distributions to qualified organizations of up to $100,000 per year. In late 2015, the Protecting Americans from Tax Hikes Act of 2015 was passed, allowing the tax break for IRA charitable transfers to be made permanent.

Amounts the US Foundation for Queen’s University* receives will be free of income taxes and will also avoid future estate taxes. IRA gifts can take the place of required minimum distributions, reducing your taxable income for 2016. Eligible friends have the opportunity to plan their qualified charitable distributions (QCDs) for maximum tax advantages and see their gifts put to use during their lifetimes.

IRA Gift Rules:

- Donors must be at least age 70½ on the date of the gift.

- Transfers may come only from traditional or Roth IRAs, not other qualified retirement accounts.

- Contributions must be paid out directly to charity. If a donor receives a distribution and makes a gift to charity, the full amount will be subject to income tax, although the donor will be entitled to a charitable deduction.

- No charitable deduction is allowed, but donors avoid the income tax that would otherwise be owed on a withdrawal.

- QCDs cannot be used to establish charitable gift annuities or to fund splitting arrangements used to satisfy outstanding tax pledges.

- Transfers can be made only to public charities, not to donor advised funds, private foundations or supporting organizations.

Consider These IRA Gift Ideas

- Significant Gifts. Phyllis has planned to leave us most of her IRA at her death, but wishes she could see her gift at work now, during her lifetime. Phyllis plans to direct a $100,000 gift from her IRA and avoid both income taxes and estate taxes.

- Annual Distribution Gifts. Under the law, IRA contributions toward mandatory annual distributions required of individuals over age 70½. That means IRA gifts can reduce taxes. Robert, for example, might withdraw $20,000 from his IRA, even though he doesn’t need the money for living expenses. If Robert wishes, he can direct a $20,000 transfer to the US Foundation for Queen’s University* prior to any distribution and reduce his federal taxes by $5,600 in his 28% tax bracket. Other tax savings may occur as well.

For more information on any of the topics discussed in this newsletter, simply fill out and mail the reply card below or visit our website at www.queensu.ca/alumni/giftplanning.

Thank You