

FINANCIAL PLANNER



Giving Back To the Program That Shaped Their Lives

They took classes in basements, had a hotel for a residence, and spent a lot of their time trying to explain to people what Rehabilitation Therapy was.

There weren't many of them back in 1967 – fewer than thirty, all of them young women – the first-ever intake into Queen's School of Rehabilitation Therapy. Nearly fifty 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.

Sit down to talk with three of them – Cathy Ambler, Linda Watson and Linda Shroud – 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 late getting established," says Watson. "We weren't accepted until the middle of the summer when

Continued on page 2



Linda Shroud, Rehab'70, Cathy Ambler, Rehab'70 and Linda Watson, Rehab'70

INSIDE

Making the Most of Your Gift – Donate Marketable Securities4

Continued from page 1

they knew it was going to go.” (In fact, Linda ShROUT didn’t even apply until August.) Classroom space was wherever the school could find it – including the basement of Brockington House, then a men’s residence. “We were 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 La Salle Mews on Princess Street].”

“We had the whole fourth floor and our own don. In those days in residence on campus, you had only one phone per floor. We had double hotel rooms, each room had its own phone, its own television, and its own bathroom – luxury!”

“I think we knew we were unique,” says Watson. “No one else had heard of our program--”

“And try explaining what occupational therapy is,” says ShROUT.

“So we kind of had to stick together,” says Watson.

Those bonds endured, even after they graduated in 1970 from what was then a three-year program. Every five years since their graduation, the group has held a reunion, which is a relatively simple affair to arrange given their small numbers. “I think that as a group of women,” says Ambler, “there was a common thread in our personalities. We had a lot of common sense, we were very hands-on people – get the job done – and I think that thread has kept us interconnected.”

At their 35th-reunion in 2005, the group decided to give back to Queen’s and their school as a group.

“We weren’t struggling students anymore,” says Watson, “most of us had successful careers and we had reason to reflect.”

They decided to create The Rehabilitation Therapy Class of 1970 Bursary. “We talked a lot about criteria,” says Watson. “We wanted to support students who were in financial need, the kids who have to struggle.” “During our 35th-anniversary reunion,” says ShROUT, “we had a meeting in the Louise D. Acton building with a member of the Gift Planning Team and she told us what we needed to do.”

“We had to have a certain amount of money to establish the fund,” adds Ambler. (In 2005, the amount was \$10,000; today it’s \$50,000.) “But the money didn’t have to be upfront, we could pledge it over five years.” Today the fund totals more than \$29,000 and, since its establishment, the bursary has given out more than \$6,000 to 10 students in the second year of the occupational and physical therapy programs on the

basis of financial need. In addition to their support for the bursary, all three women have plans to remember Queen’s – either through an amount designated in their will (Ambler and ShROUT) or by gifting an insurance policy to Queen’s and designating the school as the ultimate beneficiary (Watson).

There was no 45th-reunion celebration for the class of 1970 this year. Not because the graduates aren’t still keen, but because they decided it would be better to roll their reunion into the school’s own celebrations in 2017 to mark the 50th anniversary of the founding of the School of Rehabilitation Therapy. When it comes



to today’s graduates from Rehabilitation Therapy, ShROUT speaks for her own classmates when she says, “I would like them to be really proud of themselves and the profession.” When it comes to giving back, she says, “You’ve got debt when you graduate, but I think I’d tell them to start small and plan big. Put a toonie in a pot and at the end of the year, you could have 100 dollars. Over ten years that can add up to a thousand – multiply that by the size of a class and it makes a difference.”

And making a difference – to Queen’s and the wider community – has been important to the first alumni of the School of Rehabilitation Therapy.

Today, as Cathy, Linda and Linda look forward to joining the School’s 50th Anniversary celebrations in 2017, they hope that their friendship, passion and commitment to their professions and their school will inspire others to give back to Queen’s.

Making the Most of Your Gift – Donate Marketable Securities



Rosemary Macklem, BCom'83 & Jim Parks, Law'71

Rosemary Macklem, BCom'83, National Tax - Technical Leader at KPMG, and James M. Parks, Law'71, Counsel, Gardiner Roberts LLP. Queen's is pleased to welcome Ms. Macklem as the new Chair of the Gift Planning Advisory Committee and thanks Mr. Parks for his dedication and service as the inaugural Chair of the Committee, established in 2012. The primary objectives of the Gift Planning Advisory Committee are to guide and support to the University's Gift Planning endeavours and to act as advocates for the program. Committee members are appointed based on their estate, trust, tax, insurance and financial planning expertise, and are nationally recognized as leaders in their respective fields of practice. All are Queen's graduates who generously share their expertise with other alumni on timely philanthropic, estate, tax and other financial planning matters. To learn more about the Gift Planning Advisory Committee and its members, visit queensu.ca/alumni/gpac.

Have you already decided how much you would like to give to your favourite charity? If so, you might want to consider donating publicly listed securities instead of cash. A gift-in-kind of marketable securities, if properly structured, will benefit from special tax rules that can save you additional tax dollars and reduce the cost of making your gift.

Donation Tax Credit

Typically, if you donate cash or property, your donation tax credit will be worth up to 57% of the cash amount or the property's fair market value, depending on various factors including your province of residence. (In Ontario, for example, the maximum donation tax credit for 2016 is 50.41% of the gift amount.)

Giving Marketable Securities in Life

In general, if you sell or donate property, you have to recognize any accrued capital gain or income on the property. Special rules are available, however, to encourage donations of marketable securities such as shares. Where these are donated to a charity, the capital gain that would otherwise result in making

a gift will be tax-exempt. Because of these special rules, you will be better off if you donate your securities directly instead of selling them and donating the cash proceeds.

Consider the following example:

Sarah lives in Ontario and in 2016 has taxable income above \$220,000, which means she is subject to the combined top marginal personal tax rate of 53.53%. Since only one-half of capital gains are included in income the effective tax rate on her capital gains in 2016 is 26.77%. If she holds eligible securities with a \$1,000 unrealized capital gain she can enjoy additional tax savings of \$268 by giving these securities directly to a charity versus first selling them and donating the cash proceeds. For Sarah, the benefits of donating shares will increase at the same uniform rate of 26.77% for any progressively larger accrued capital gain - as illustrated in the table below. The tax savings are in addition to the donation tax credit she will be entitled to, which in 2016 could be up to 50.41% of the value of the gifted securities.

Charitable Bequests – Giving Back With Your Securities

Another option is to donate your marketable securities through your will. The gift is treated as if it was made when your estate actually transfers the securities to the charity and is valued at the securities' fair market value at that date. If your estate qualifies as a graduated rate estate and the donation is made within 36 months of your death (or within 60 months under proposed new rules), your donation will be exempt from capital gains tax. The tax credit can be used in the year of death or the year before that if that is more advantageous. This is discussed more fully below.

Don't Lose Your Donation Credit

Generally, you can claim donations to a maximum of 75% of net income for the year (and carry forward unused donations up to five years). This limit is increased to 100% for the deceased's tax returns in the year of death or the year immediately before.

Large bequests may cause you or your estate to exceed these income limitations, so careful planning is required to ensure your donation tax credit is not lost.

For example, you may want to donate certain securities or other property during your lifetime, and give the remainder by way of your will to make full use of your available donation credits.

Factors to Consider for Gifts by Will

Once you've decided to donate securities, you will need to take certain steps.

Before 2016, gifts made by will were considered to be made by the deceased and the tax credits were

available in their terminal return. Under recent amendments, a gift by will is now considered to be made by the estate. However, where the estate qualifies as a graduated rate estate and certain criteria are met, the executors can choose to claim the tax credits in the year of death or the year before. This could be advantageous if there are significant capital gains resulting from dispositions which are deemed to occur at fair market value on death for all capital property if there is no "rollover" to a spouse or a qualifying spouse trust.

The benefits of the gift can be claimed by the estate in the year in which the transfer is completed or, in some cases, in the estate's two previous years.

Executors will generally have to review all of the factors, including tax payable in the year of death or the year before, and any tax that was paid by the estate in years before the gift is completed.

The current rules impose a 36-month time limit following the individual's death, during which time the executors must actually transfer the securities to the charity to claim the credit in any of the year of death or prior year of the deceased and the year of transfer by the estate or its two previous years, if applicable. Under proposed amendments, this will be extended to 60-months, a move intended to provide relief for situations in which the estate may not be settled as a result of litigation or other issues that could delay a transfer. However for transfers after 36 months, credits can be claimed only in that year by the estate or in the year of death and prior year of the deceased, but not in the two previous estate years. The value of the gift will be the value of the securities at the time of the

Accrued Capital Gain on Securities	Tax Cost			Tax Savings of Direct Donation of Securities
	Sell Shares Donate Proceeds	Donate Securities Directly		
\$1,000	\$268	–	\$268	
\$5,000	\$1,339	–	\$1,339	
\$10,000	\$2,677	–	\$2,677	
\$50,000	\$13,385	–	\$13,385	
\$100,000	\$26,770	–	\$26,770	

Continued on page 5

Continued from page 4

transfer. The value used to determine any capital gain in the deceased's final tax return from the deemed disposition on death will be the value at the date of death. However, since gains on donated public securities are exempt from tax, the value should not make any difference, subject to the 75% maximum donation limitation on income for years other than the year of death and prior year, as discussed above.

The transfer of marketable securities is generally accomplished by an electronic transfer by brokers, from an account owned by the deceased on instructions from the executors acting in accordance with the will, to an account maintained by the charity. In some cases, share certificates are physically delivered to the charity or its broker. The effective date of transfer and the value at that time will depend on the method used.

Since the value of marketable securities will fluctuate, there may be discrepancies between the value of the securities at the date of death or during the administration of the estate, when the charity is notified by the executors, and the value on the day on which the actual transfer occurs. Executors will have to take into account the timeliness of completing a transfer, particularly in times of volatile markets, to avoid criticism.

Prior to the recent amendments, gifts made by will could create uncertainty, depending on the amount of discretion with respect to the terms of the gift.

If the executors were given too much latitude, CRA treated the gift as having been made by the executors rather than by the deceased. Now gifts by will are always considered to have been made by the estate. It is usually a good idea to give the executors flexibility in deciding whether to donate securities. The will can set out the amount of a gift, and give the executors discretion to satisfy it by transferring securities. The number of securities to be transferred will then depend on the value at the time of the transfer. The will can also direct the executors to consider the tax implications before deciding how to proceed. The will usually provides that a receipt of a responsible officer of the charity will be a sufficient discharge to the executors to confirm the gift.

Your professional advisors can help you arrange any new donations, whether during your lifetime or through your estate. Queen's Gift Planning professionals can work with you and your advisors to ensure



your donation can be accepted and used as intended. You and your broker can electronically transfer your gifts of securities into the Queen's account by using our Gift of Securities Form. Please contact our Gift Services Office at gifts@queensu.ca or 1-800-267-7837 (toll-free in Canada and the US) or 613-533-2060 to request our Gift of Securities Form.

Readers may also wish to read the recent article in the Fall Financial Planner on the new charitable donation rules at queensu.ca/alumni/newrules.

The Queen's Financial Planner is provided as a special service for the alumni and friends of Queen's University by the Office of Gift Planning. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. The information is current to March 31, 2016. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. Readers are cautioned to consult their own professional advisors to determine the applicability of information and opinions in this newsletter in any particular circumstances. This newsletter is copyright; its reproduction in whole or in part by any means without the written permission of the copyright owner is forbidden.



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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

Queen's University respects the privacy of its alumni, donors, and friends and the sensitivity and security of personal information. The personal information collected by the Office of Advancement is collected under the authority of the Royal Charter of 1841, as amended, and the Freedom of Information and Protection of Privacy Act and is used for the purpose of advancing cooperative relationships between alumni, friends and students, and the University, and to increase the philanthropic resources of the institution. If you have any questions or concerns about the information collected or how it will be used, please contact the Office of Advancement, Queen's University Kingston, ON K7L 3N6, or by telephone at 613.533.2060, or 1.800.267.7837.



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