

# PLANNING MAKES A DIFFERENCE



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## The Queen's crest shines in Denver

Gil Clausen, BSc'83, MSc'84.

I have not returned to Queen's since graduation in 1984, but I always carry some tricolour spirit wherever I go. So, when I joined the University Club of Denver here in Colorado, it was natural for me to ensure that the Queen's crest was represented alongside schools such as Princeton, Colgate and other celebrated schools in the College Room. I took great pleasure in commissioning the window and celebrating with alumni in the Denver area last year.

Queen's is a special place for me. My time on campus laid the foundation for not only my career, but how I live my life. As the Queen's motto reminds us, "Wisdom and knowledge shall be the stability of thy times."

I have been truly fortunate. My wife, Valerie, and I have travelled all over the world. Our children are grown; both are pursuing careers in academia. I feel very lucky to have reached a point where I can consider how our family can support the educational goals of others.

When we considered how best to give back to my alma mater, we consulted with our financial advisor and decided to make Queen's the beneficiary of a Charitable Remainder Unitrust (CRUT). By establishing a CRUT, Valerie and I were able to reduce our taxable income now and

*(continued on back page)*



*Gil Clausen organized a Queen's University stained-glass unveiling event for fellow alumni at the University Club of Denver. Gil is pictured with Dean of Arts and Science, Dr. Barbara Crow.*

# Charitable remainder trusts serve several goals

Making a gift to Queen's University\* through a charitable remainder trust (CRT) is an excellent way to combine your personal financial planning goals with your desire to support our programs. The CRT allows you to place assets in a trust, receive income for yourself or provide for others for a period of time, and then have the trust remainder go to charity. With a CRT, you can accomplish many different goals:

■ **I would like my retirement income to increase.** A CRT can help you boost spendable income, particularly when funded with appreciated securities or real estate. This giving option is a good way to unlock income from low-yielding assets and possibly reduce, delay, or eliminate capital gains tax. Gift and estate taxes may also be reduced or eliminated.

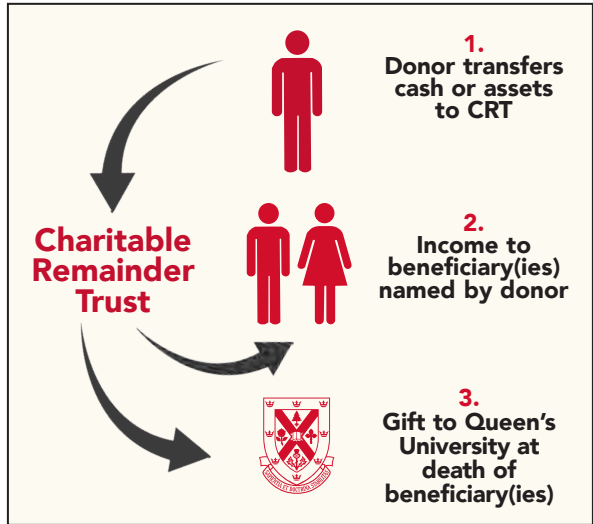
■ **I want to provide for my loved ones.** Many people who are preparing for retirement are also financially assisting parents or children with after-tax dollars. By transferring assets to a CRT, you can direct income payments to your loved ones, in addition to a spouse or partner.

■ **I want to reduce my taxes.** An investment in the future of Queen's University\* will allow you to enjoy tax benefits today. The charitable deduction from a CRT is based on the length of time the CRT exists, the age(s) of those who will receive the income, the amount of the expected income distributions, and other factors.

■ **I no longer want the responsibility of being a landlord.** Transferring income property to a CRT unlocks its full value. No capital gains tax or other taxes are due at the time of the sale, and the trust will produce income for you and/or another person. In addition, you may claim a charitable deduction.

■ **I want to preserve my assets.** A CRT can provide long-term professional management for the assets you contribute.

Please don't hesitate to contact us with any questions or for more information. We are happy to discuss the many benefits a CRT can offer or provide you with important information you can share with your advisors.



## A retirement income you can trust

Terry and Chris Wilson, aged 74 and 72, have discussed making a gift to Queen's University\* from their estates. Their immediate concern, however, is increasing their retirement income. They own securities worth \$200,000 for which they paid \$50,000 and which now pay dividends of 1%, or \$2,000, per year. They need more income than the securities currently provide, but if they sold the securities, the couple would owe capital gains tax on the \$150,000, reducing their investable assets.

Instead of selling the securities and generating a 15% capital gains tax of \$22,500, the Wilsons decide to transfer them to a charitable remainder trust.

**Annual income.** The trust, known as a unitrust, will pay them an income of 5% of the value of the trust assets each year.

**Full earning power.** Because the trust will not be liable for capital gains tax at the time it is created, the entire \$200,000 will be available to earn for them. The first year they anticipate receiving \$12,000 from the trust, some six times what they now earn.

**Immediate deduction.** The tax deduction of almost \$92,000 that they will receive now (in the year the trust is funded) will save them both state and federal income taxes, which they can use to reduce their taxable income in the year of the gift and for up to an additional five years.

The Wilsons thus enjoy increased retirement income and significant tax savings and they are thrilled to make a wonderful charitable gift to Queen's University.\*



Photo credit: Queen's University Archives

# Giving to make a difference

There is good news about charitable giving. As a result of recent tax law changes, fewer people will be subject to the federal estate tax, leaving more available to spend, save, and give.

Here are some ideas to help you give most effectively this year:

## Giving now

If you are age 70½ or older you can make a current gift to Queen's University\* by giving directly from an Individual Retirement Account (IRA) completely free of federal income tax (up to \$100,000 per person per year; \$200,000 per couple with separate IRAs). Giving directly to the university from your IRA won't increase your adjusted gross income, ensuring that your other income will not be subject to a higher level of taxation. Additionally, IRA gifts count toward your required minimum distribution.

## Giving for the future

Through your will or living trust, you can make a meaningful gift to Queen's University\* that contributes to the academic and research excellence of Queen's. After providing for your loved ones, you can devote all or a portion of "what's left" (the residue) of the remainder of your estate to the university.

You can also leave a specific dollar amount or a designated percentage of your estate, which means that as the value of your estate changes, the amounts that your beneficiaries receive will be adjusted automatically.

## The magic of trusts

The key to sound financial planning for many is the skillful use of trusts. Your trust can be created during your life, or through your will. Either way, it can be – and should be – tailor-made to carry out your every objective. A revocable trust created during your life can serve as a cornerstone for an effective estate plan. Queen's University offers the free booklet, *A Matter of Trust*, which explains the many advantages of trusts, whether benefiting you, your family, or Queen's University (or all three). Return the enclosed reply card for your free copy.





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](http://www.queensu.ca/alumni/giftplanning).

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◀  
*(Detach, fold and tape before mailing.)*

*Detach here*

**Thank You**

▲ *Fold here*

*With no obligation to me:*

- Yes!** Please send me your new booklet—  
*A Matter of Trust.*
- I prefer to receive this booklet via e-mail.
- I am considering a provision in my will for Queen’s University.
- I have arranged a planned gift to benefit Queen’s University.



# Royal Legacy Society

The Royal Legacy Society recognizes those alumni and friends who have thoughtfully remembered Queen's University through a bequest or other future gift commitment.

If you have already remembered Queen's in your estate plans, please let us know so that we can honour your intention.

For more information on the Royal Legacy Society, please visit our website at [queensu.ca/alumni/rls](http://queensu.ca/alumni/rls).

We look forward to welcoming you.

## Save Paper!



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# The Queen's crest . . . *continued from cover*

arrange a significant future donation for Queen's to establish *The Gilmour and Valerie Clausen Arts and Science Fund*. This investment will provide a future dean with the flexibility to meet pressing objectives of the day, as the world will change in ways that are impossible for us to imagine.

The humanities at Queen's help students explore and understand the human experience. Through their studies, Queen's students understand the world we live in and gain the tools to imagine the future. Through our philanthropy, I want to support the faculty who teach and inspire, and I want to help students feel empowered to innovate, lead, and tackle with wisdom and knowledge the challenges that lie ahead for society.

*If you are considering making Queen's the beneficiary of a charitable trust, your will or other planned gift, we are here to help. If you have already made a gift arrangement, we would like to hear from you to learn why you have made this thoughtful decision. No matter the size, your gift will make a difference.*

## \*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 52-1960422). Our U.S. Foundation is a 501(c)(3) tax-exempt organization recognized under the U.S. Internal Revenue Code.



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Please contact the Office of Gift Planning if you are considering a legacy gift to Queen's to ensure your gift can be accepted and used as you intended. Additionally, depending on the structure of your gift, it may be more appropriate to donate to our U.S. Foundation. Our office can provide advice regarding the best method of giving for your situation.

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. © Copyright 2019 by SHARPE newkirk. All Rights Reserved.

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