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The MUHC Foundation's *Planning for a Healthy Legacy* booklet contains information on the many different ways you can support the McGill University Health Centre's vital research, patient care and teaching programs while ensuring that your family and estate are well looked after.

For a copy, please call (514) 931-5656 or write to:
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Bequests: leaving your mark on the future

by Marilyn Piccini-Roy,
Member, MUHC Foundation Planned Giving Committee

The most common type of planned giving is a bequest. Making a charitable bequest to the McGill University Health Centre Foundation is a way to achieve several desirable goals: it is a legacy that will benefit the health-care needs of your family, friends and community; it will result in tax benefits; and last but not least, it will bring you personal satisfaction and recognition.

Bequests are gifts that are made in a will or codicil. Many types of bequests may be made, each with a slightly different wording.

You may make a direct bequest of a specified dollar amount or you may designate property such as securities, real estate or works of art. You may also bequeath the residue or a percentage of the residue of your estate



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(the residue is that part of your estate that remains after all taxes, debts, expenses and other bequests have been paid). Another possibility is to make an alternative bequest that will be given to the McGill University Health Centre Foundation only in the event that certain persons named in your will do not survive you.

If you are interested in making a bequest to establish an endowment fund, the amount of the bequest must meet minimum funding requirements. This is necessary because only the income generated from the endowment will be applied to the purpose you have designated. It is advisable to add a contingency clause to a specific-purpose

or designated bequest in case circumstances relating to the use of the bequest change, as seen in the table on page 2.

Leaving a bequest, whatever the amount or type, is an excellent opportunity to influence the future of health care through the McGill University Health Centre Foundation.

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Charitable gift annuities revisited

by John Archer, Member, MUHC Foundation Planned Giving Committee

In our last newsletter (Winter, 2002) we discussed how charitable gift annuities can result in unique tax-free income benefits for older donors considering mutually beneficial gifts to the MUHC. Unfortunately, no sooner had the newsletters been mailed than the federal government decided to change the rules regarding this type of charitable gift.

While some may find the new rules slightly complex, the rules “may well be more advantageous to the donor,” according to the December 24, 2002 edition of the Canada Customs and Revenue Agency’s *Technical News* bulletin. The most significant changes concern the charitable donation tax receipt and the annuity income.

Under the previous rules, depending on the annuitant’s age and the negotiated annuity payout, the annuity income was often entirely tax-free and the one-time charitable

donation receipt was either minimal or non-existent. For all charitable gift annuities issued after December 20, 2002, a significantly larger charitable donation receipt will be issued for annuities that qualify. However, a portion of the annuity income will be included as income over the life expectancy of the annuitant or for the fixed term of the annuity period.

Other changes that were introduced allow charities such as the MUHC Foundation to issue fixed-term charitable gift annuities. These fixed-term annuities may provide income enhancements to certain donors who wish to enjoy the annuity income over a specific term, say, over five or ten years.

Joint life annuities, where the annuity income is paid over the lifetimes of two annuitants, are now also available. However, instead of being restricted to the lives of two spouses, they can be applied to the lives of two siblings.

This is of interest to people who have never married or are divorced, to widows and widowers, and to individuals who simply want the annuity tied to a family member rather than to their spouse.

In addition, the life expectancy guidelines that were previously used to calculate the annuity payout limits and the resulting tax treatment have been updated to better reflect current life expectancies. The good news here is that people are living longer, thanks to healthier lifestyles and also to remarkable advances in health-care research and patient care. Your support of the McGill University Health Centre through the use of charitable gift annuities can help us continue to improve the quality of life in our community.

For more information on how a charitable gift annuity might be a beneficial income strategy for you, please contact Marc Weinstein at the MUHC Foundation office by calling 514-931-5656, extension 228.

Bequests (continued from page 1)

Types of Bequests and Sample Wording

The sample phrasings listed below are merely guides. You should consult a lawyer or notary for the drafting of your bequest so that your wishes are properly reflected.

Type	Sample Wording
Bequest for general purposes	“I give to the McGill University Health Centre Foundation the sum of \$ _____.” OR “I give to the McGill University Health Centre Foundation _____ % of the residue of my Estate.”
Bequest for specific or designated purposes	“I give to the McGill University Health Centre Foundation the sum of \$ _____ to form part of its permanent endowment. The annual income is to be used in the Division or Department of _____ for the purpose of _____.” OR “I give to the McGill University Health Centre Foundation _____ % of the residue of my Estate to be used at the discretion of the Director of the Division or Department of _____.”
Contingency clause	“If at any time the McGill University Health Centre Foundation determines that the designated purpose of this bequest is no longer practicable or appropriate, this bequest may be used for the general purposes or highest priorities of the MUHC as indicated to the MUHC Foundation’s Board of Directors.”