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# PLANNING MAKES A DIFFERENCE

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# Northern Exposure

Phyllis Durnford knows how important a qualified team of nurses can be to an Arctic community and she discovered a way that she could help attract more of them

**F**ourth-year Queen's nursing students now have the opportunity to train and contribute in Northern Canada's most underserved communities – an opportunity that is only possible because Phyllis Durnford took the time to connect the dots in her life story.

Durnford, NSc'69, followed in her mother's footsteps and studied nursing at the Kingston General Hospital School in the mid-1960s. During her first year, she met a nurse who worked as a clinical nurse specialist in cardiovascular disease. "That opened my eyes as to where one could go potentially," she says.

First though, she would need a Nursing degree. She chose to study at Queen's for the most practical of reasons: "It was convenient," she says. "It meant that I wouldn't have to move."

It was a choice that launched an impressive career. "An undergraduate degree in nursing can be a springboard to just about anything," Durnford says. "I've done things that never would have entered my mind." She took a lead role in training Toronto ambulance officers to become advanced-care paramedics in the 1980s. She served as trauma coordinator at Sick Kids Hospital. While working as a Nurse Case Manager at the Workplace Safety and Insurance Board, she was selected as the Subject Matter Expert in the development of their Mild Traumatic Brain Injury Program of Care.

But before she embarked on that career, though, she took a detour to north-east Alberta. After Convocation, her husband accepted a military posting at CFB Cold Lake in northern Alberta and she found work in a local hospital which had a big population of Indigenous people. "I found the attitude being taken toward the Indigenous people – I'm going to be polite – questionable," she says.

Determined to provide her patients with the care they deserved, Durnford made a point of starting to learn the Cree language, common to that population. "It was a small gesture," she says, "but it really got me thinking about what could be done to better serve these communities. It's like a little seed was planted."

That seed sprouted a few decades later, when she made three trips to the Arctic as part of an expedition travel group. "Everyone else was downtown looking for souvenirs, but I

made a beeline to the health centre," she says. "I noticed that more of the nurses were new to the community. That was when I really connected the dots."

As Durnford thought about how important a qualified team of nurses can be to an Arctic community, she discovered a way that she could help attract more of them. "I initially thought about an estate gift to the School of Nursing," she says. "And then I thought, 'wait a minute, what can I do right now that would help promote the idea of doing part of your nursing career in the North?'"

What she could do, she realized, was to make the gift now, so Phyllis made a gift by transferring marketable securities to Queen's. In doing this, Phyllis was able to get the award off the ground now and she may still choose to enhance this opportunity in her estate.

The Northern Canada Nursing Study Award, which Durnford created in 2020, will cover expenses to enable a fourth-year nursing student to accept a clinical posting in the Canadian Arctic or other northern rural and remote areas. "The idea is to give someone the means to go a bit further afield and do something that might not have been possible because of the travel and accommodation costs," she says.

Durnford is excited about possibilities that the award affords – both for nursing students and for the communities where they'll work and train. Most of all, she's excited that she will have the opportunity to see the impact these young nurses can make. "If you really want to make an impact, don't wait until you die to make it happen," she says. "Do it now."

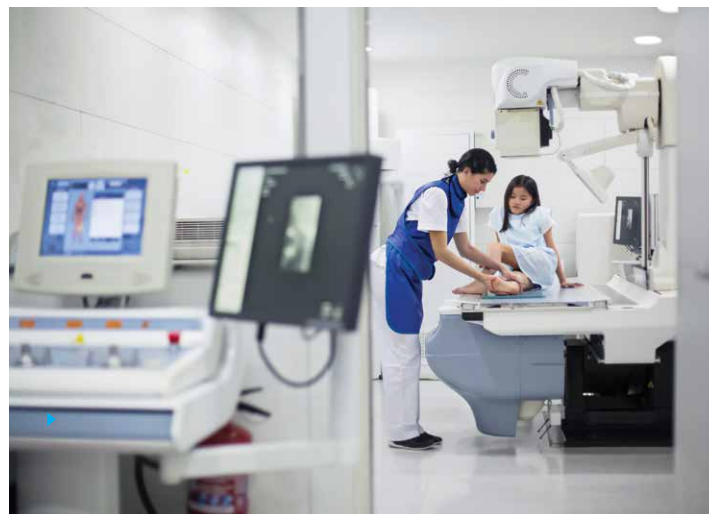
**"An undergraduate degree in nursing can be a springboard to just about anything," Durnford says. "I've done things that never would have entered my mind."**





◀ Phyllis Durnford, NSc '69, wanted to see the impact of her gift now, so she created an award to promote clinical postings in the Canadian Arctic.

PHOTOGRAPHS BY (TOP) PHOTOGRAPH COURTESY OF PHYLLIS DURNFORD; (LEFT) RUBEN RAMOS/ISTOCK; (RIGHT) XAVIER ARNAU/ISTOCK

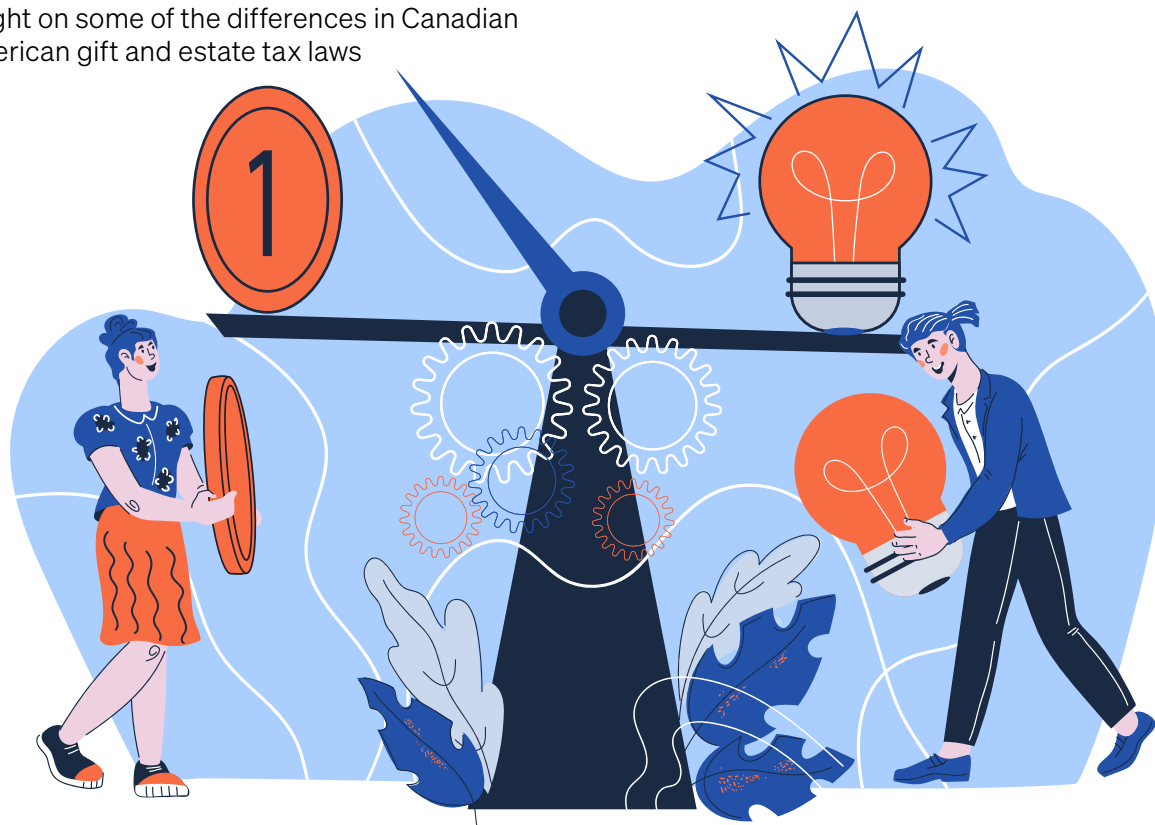


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# A tale of two countries

A spotlight on some of the differences in Canadian and American gift and estate tax laws



**W**e may be close neighbours with a lot in common, but when it comes to tax laws related to gifts and estates, Canada and the United States are surprisingly far apart.

Perhaps the biggest difference is that, unlike Canada, the U.S. imposes a transfer tax on gifts made during your lifetime and an estate tax on all bequests. The estate tax — which ranges from 18% to a high of 40% — applies to estates or gifts above USD\$11.7 million for individuals and USD \$23.4 million for married couples. With Democrats currently controlling both the legislative and the executive branches of the U.S. government, there is speculation that the exemption level could drop to \$5 million or even \$3.5 million, where it was when President Barack Obama took office. The current level, which was set in the 2017 tax overhaul, is expected to sunset in 2025.

## WHAT DOES ALL OF THIS MEAN TO YOU?

If you're a Canadian with ties to the U.S., an American living in Canada, or a Canadian acting as executor for an estate with ties to the U.S., it means that there are several things to consider with respect to estate planning. Reviewing your situation with an advisor could help you maximize the effectiveness of your planning.

## FOR AMERICAN RESIDENTS OF CANADA

Americans living in Canada are still subject to the U.S. estate and gift tax. Gift tax is imposed on gifts of tangible property and on gifts of real estate in the U.S. (Gifts of shares in a U.S. corporation are not subject to the gift tax, although a bequest of U.S. shares — whether publicly traded or not — is subject to estate tax.) Real estate and debt obligations of Americans are also subject to estate tax if they are above the exemption allowed under the Canada-U.S. tax treaty.

## EXECUTORSHIP

If you're the executor of an estate in Canada, don't forget to inquire about the deceased's parents' country of birth. A person whose parents spent their formative years in the U.S. is generally a U.S. citizen. Executors who fail to acknowledge their obligation to the Internal Revenue



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Service will be held personally liable for taxes if the estate is over the exemption threshold. This could result in a significant liability, and you could be personally liable for income taxes and information returns not filed during the deceased's lifetime. Fortunately there are ways to manage this dilemma, including the American equivalent of the Canadian voluntary disclosure program available to Americans.

#### **DOMICILE – IT'S NOT ALWAYS STRAIGHTFORWARD**

If you intend to move to the U.S. permanently and you spend any amount of time there, the U.S. is now your domicile.

Canadians tend to know that they should not spend more than 120 days per consecutive calendar year in the U.S. so as not to be deemed a U.S. resident for income tax purposes under the substantial presence test. Canadians who meet the substantial presence test must file a Closer Connection Form to refute tax residency in the U.S. for income tax purposes. The Closer Connection Form is the tie breaker test that determines whether you are more closely bound to Canada or the U.S.

Canadians are often less aware of the punitive domicile rules under the Internal Revenue Code where a Canadian with a domicile in the U.S. will be subject to the U.S. estate and gift taxes, similar to a U.S. citizen. U.S. citizens and domiciliaries are not subject to the estate tax or gift tax if the estate is bequeathed or a gift is made to a U.S. citizen spouse or a U.S. domiciled spouse.

#### **MAKING A CHARITABLE GIFT TO REDUCE GIFT AND ESTATE TAXES**

Whether you're a U.S. citizen or a U.S. domiciliary, you can reduce your gift and estate tax liabilities by taking a deduction for contributions to a charity.

Queen's alumni and their families can make donations or bequests directly to the university and use the Queen's charitable receipt for your U.S. income tax returns under the Canada-United States Income Tax Convention.

Friends of Queen's who are American residents but not alumni or related to an alumnus can make a donation - with tax advantages - through the U.S. Foundation for Queen's University at Kingston, which is a 501(c)(3) tax-exempt organization recognized under the U.S. Internal Revenue Code. In addition, alumni making a gift from a registered fund, corporation, foundation or trust who are U.S. residents should also direct donations to the U.S. Foundation for Queen's University at Kingston.

—Written by Sunita Doobay

Readers are cautioned to consult their own professional advisers to determine the applicability of information and opinions in "Planning Makes a Difference" in any particular circumstances. The Queen's Gift Planning office produces a separate newsletter with charitable giving information specific to U.S. residents twice annually. If you wish to join this mailing list, please let us know by emailing [gift.planning@queensu.ca](mailto:gift.planning@queensu.ca).

# Perfect your portfolio, make a gift

Let's examine how your gift to Queen's can help to optimize your portfolio.

**I**f you are a Canadian resident for tax purposes, and if you have appreciated stocks in your portfolio, you may be dreading the thought of selling and facing a big tax bill.

Fortunately, there is a provision in the Income Tax Act that might take away some of the sting. When you donate publicly traded securities to a qualified charity, your gift isn't subject to tax and you get a tax receipt equal to the shares' fair market value.

Let's say you bought a stock for \$50,000 and it appreciated to \$100,000. You're in the top tax bracket and face a 50% marginal tax rate. If you sell the securities in the market, you must include a capital gain of \$25,000 in your taxable income (half of the appreciated value), which will generate \$12,500 in personal income tax. Instead, if you donated an optimal number of shares, you can generate a tax refund that would completely offset the tax you owe. For instance, based on the facts above, if you donated \$20,000 of the securities in-kind to Queen's you would not have to include the capital gain associated with those securities in your taxable income and you will receive a charitable

donation receipt for \$20,000 that will generate a tax credit of \$10,000. You could then sell the remaining \$80,000 of securities in the market, which will result in a \$20,000 taxable capital gain being included in income (\$80,000 proceeds, less \$40,000 adjusted cost base, with 50% of the \$40,000 capital gain being included in taxable income). The tax liability associated with the capital gain is \$10,000 (\$20,000 taxable capital gain at a 50% tax rate), which is completely offset by the donation tax credit.

The optimized donation strategy reduces the proceeds that end up in your pocket by \$7,500 (if you sell \$100,000 of securities, you generate after-tax proceeds of \$87,500, while if you follow the optimized strategy and make a \$20,000 donation, you generate after-tax proceeds of \$80,000); however, instead of writing a tax cheque to the government of \$12,500, you have made a donation of \$20,000 to Queen's University. To ensure that this strategy is implemented correctly, we encourage you to consult with your tax advisor.



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