

CARING FOR TOMORROW

RRSP, RRIF & TFSA GIFTS



Saving for your retirement is an essential part of a complete financial plan. However, your strategy should also consider what happens to your RRSP or RRIF when you pass away.

For many donors, an RRSP or RRIF plan will contribute significantly to income in the year of death. Where a surviving spouse is not a named beneficiary, these registered savings are deemed to be disposed of and 100% of the remaining balance is added to your income. The tax liability resulting from this disposition will be born by your Estate. If other income was earned prior to death, this could easily be subject to tax at the highest marginal tax rate.

Since Canadians can now receive tax credits for charitable gifts of up to 100% of their income in the year of death (and retroactive one year) – gifting your RRSP or RRIF plan to Brightshores Health System Owen Sound Foundation through a beneficiary designation or a bequest gift in your Will is a very effective way to support local health care.

FEATURES OF RRSP/RRIF GIFTS

- | Simple to arrange through a change in beneficiary or alternate beneficiary
- | Revocable gift with the charity as beneficiary or alternate beneficiary
- | Tax credits for your Estate
- | Gift not subject to probate fees
- | Estate still liable for tax due on disposition of asset (offset by gift)



HOW IT WORKS:

Two possible ways of using your RRSP or RRIF to make a gift to the Foundation are:

1. Make Brightshores Health System Owen Sound Foundation the beneficiary or alternate beneficiary of your RRSP or RRIF plan. Upon your death, or that of your spouse, the Foundation receives the balance of the asset directly from the financial institution. Your Estate receives tax credits for the charitable gift to offset tax payable on the income. Because the asset passes outside of the Estate, no probate fees are payable on the asset, resulting in additional savings. Using this method, the Foundation has no involvement in your Estate and receives your gift in a timely fashion.
2. Make your Estate the beneficiary of the RRSP or RRIF after your spouse, then gift an equivalent amount to the Foundation through your Will, either as a fixed dollar amount or as a percentage of the total Estate. You may also gift the asset specifically by naming its account number and financial institution. If your spouse survives you, then the spouse's Will should provide for a similar bequest. A receipt will be issued to the Estate to offset the tax on the registered savings payable by the Estate. Using this method, the asset is included in the Estate and probate fees are payable on it.

LEAVE A LEGACY USING YOUR TFSA:

Funded with after-tax dollars, Tax Free Savings Accounts are registered assets which earn income on a tax free basis. Although there is no income tax generated due to a deemed disposition at death, the proceeds of a TFSA also make a great legacy donation. Simply name the Foundation as beneficiary or alternate beneficiary of your plan. The Foundation receives the balance of your TFSA directly from the financial institution. Your Estate receives tax credits for the charitable gift to offset tax on other income. The Foundation has no involvement in your Estate and receives your gift in a timely fashion.

ABOUT BRIGHTSHORES HEALTH SYSTEM OWEN SOUND FOUNDATION:

The Foundation is dedicated to supporting Brightshores Health System by fundraising for medical equipment, facility improvements, staff education, and research. On average, the Foundation raises more than \$3.5 million annually to support the advancement of medical care for the people of Owen Sound and the wider population of Grey and Bruce counties.

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This information provides a brief overview on planning a gift to Brightshores Health System Owen Sound Foundation. It is general in nature and subject to change according to individual circumstances. You should always consult your own professional advisors for detailed information tailored to your own circumstances and to confirm applicable tax benefits.