

# 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 Bruce Peninsula Hospitals 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 at any time via change in beneficiary
- | Tax credits for donor's Estate
- | Gift not subject to probate fees
- | Estate still liable for tax due on disposition of asset (offset by gift)



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

1. Make Bruce Peninsula Hospitals 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, 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 and 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 resulting income tax 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 make the Foundation the 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.

## ABOUT BRIGHTSHORES BRUCE PENINSULA HOSPITALS FOUNDATION:

Bruce Peninsula Hospitals Foundation was incorporated in 1997. We strive to provide our physicians, nurses and technologists with up-to-date diagnostic and medical equipment to care for patients. With this ongoing challenge, our mission is to assist in meeting the health care needs of residents and visitors to the Bruce Peninsula by raising funds for priority hospital projects.

Our fundraising efforts support Brightshores Health System – Lion's Head Hospital, Wiarton Hospital plus regional care provided at other hospitals. With your generosity we can keep great health care close to home!

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This information provides a brief overview on planning a gift to Brightshores Bruce Peninsula Hospitals Foundation. The information is general in nature and is subject to change according to individual circumstances. Always consult your own professional advisors for detailed information tailored to your situation and to confirm applicable tax benefits.