

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.

Upon your 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 in the year of death. The tax liability resulting from this disposition will be borne by your Estate. If other income was earned prior to death, this could easily be subject to tax at the highest marginal tax rate.

For many donors, an RRSP or RRIF plan will contribute significantly to income in the year of death. Since Canadians 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 Meaford Hospital Foundation through a beneficiary designation or a bequest gift in your Will is a very effective way to support local healthcare.

FEATURES OF RRSP/RRIF GIFTS:

- Simple to arrange through a change in beneficiary or alternate beneficiary
- Revocable gift - change beneficiary designations at any time
- Tax credits for your Estate
- Gift not subject to probate fees
- Estate still liable for tax due on disposition of asset (offset by gift)



ALTERNATIVES TO MAKE A GIFT:

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 charitable 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. Donors might consider this option if they lack cash in the estate to pay the resulting taxes.

2. Make Meaford Hospital 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 the tax on income. Because the asset passes outside of the Estate, no probate fees are payable on it, resulting in additional tax savings.

Using this method, the Foundation has no involvement in your Estate and receives your gift in a timely fashion. You should ensure that there are sufficient liquid assets to pay the taxes on the resulting disposition.

ABOUT MEAFORD HOSPITAL FOUNDATION:

The Meaford Hospital Foundation was established to raise, receive and manage money for the purpose of purchasing capital equipment and building improvements at Meaford Hospital and Owen Sound Regional Hospital. This role is critical to our hospitals' viability since the government provides almost no funding for equipment. The Foundation contributes between \$300,000 and \$400,000 per year for medical equipment. It is governed by an elected Board of Directors, all of whom are community volunteers.

PLEASE CONTACT:

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This information provides a brief overview on planning a gift to The Meaford Hospital 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.