

CARING FOR TOMORROW

RSP, RIF & 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.

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, 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 Brightshores Meaford Hospital Foundation through a beneficiary designation or a gift in your Will is an 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:

1. 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.



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 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.

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 Meaford Hospital 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. The Foundation has no involvement in your Estate and receives your gift in a timely fashion.

ABOUT BRIGHTSHORES MEAFORD HOSPITAL FOUNDATION:

Vision: Advancing healthcare close to home.

Mission: Building healthier communities by supporting Brightshores Health System.

We enhance the delivery of high-quality healthcare by raising funds for such things as diagnostic and medical equipment, infrastructure improvements and clinical staff training at Brightshores Health System Meaford Hospital. Furthermore, we adopt a regional approach through our relationships with Brightshores and sister foundations that serve the broader population of Grey and Bruce Counties.

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This fact sheet provides a brief overview on planning a gift to Brightshores Meaford Hospital Foundation. It is general in nature and subject to change according to individual circumstances. Consult your professional advisors for information tailored to your particular circumstances and to confirm applicable tax benefits.