

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 Markdale Hospital 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
- | Foundation receives your gift in a timely fashion. No involvement in your Estate
- | Gift not subject to probate fees

TWO WAYS TO LEAVE A LEGACY USING YOUR RRSP OR RRIF ARE:

1. Make Markdale 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, resulting in additional savings.

Using this method, the Foundation has no involvement in your Estate and receives your gift in a timely fashion. 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 set 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 make Markdale 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 MARKDALE HOSPITAL FOUNDATION:

Markdale Hospital Foundation raises funds to support health care in our community. Our priority is the purchase of essential medical equipment at Brightshores Health System Markdale Hospital.

The Foundation is governed by a local, volunteer Board of Directors. Our community proudly celebrates the completion of its new hospital, but the need for new and updated medical equipment is ongoing as services expand and technology advances at a rapid pace.

While the Province funds hospital operations, very little funding is provided for new and replacement equipment. Community support is essential to keep our hospital well equipped, so that residents and visitors continue to receive expert, compassionate care close to home.

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