



Gifts of Retirement Plan Savings (RRSP, RRIF) - Beneficiary Election

With over \$100 billion in assets, Registered Retirement Savings Plans (RRSPs) are the most popular way for Canadians to save for their retirement. A contribution to an RRSP results in an immediate tax deduction plus tax-deferred growth until funds are withdrawn. At that time they become fully taxable at the plan holder's highest marginal tax rate.

An RRSP plan must be collapsed by age 71, and the proceeds transferred into a retirement income account such as a Registered Retirement Income Fund (RRIF). Beginning in the year after the account is established, the RRIF holder must withdraw funds annually according to a federally prescribed minimum amount (expressed as a percentage of the RRIF's value at the beginning of each year). Although this percentage increases each year, it is calculated on a reducing account value. As a result there is often a significant balance remaining at the time a plan holder dies. Unless there is a spouse or dependents to which the proceeds may be transferred tax free, the entire value of the RRIF will be taxed as ordinary income on the deceased's final tax return. This creates a dilemma for the deceased's tax preparer: the entire RRIF is paid to the beneficiaries, and yet the tax bill is levied upon the deceased.

For instance, for a deceased individual paying tax at a 45% rate, a RRIF worth \$100,000 at the time of death will result in \$100,000 being paid to the beneficiaries, and \$45,000 in taxes to be paid by the deceased. By naming the Health Sciences Centre Foundation Inc. as a beneficiary of your Retirement Plan Savings (RRSP or RRIF) plan, the entire tax bill of \$45,000 can be offset and the full \$100,000 value is received (with a corresponding donation receipt issued) by the Health Sciences Centre Foundation Inc.

Furthermore, a beneficiary designation on your RRSP or RRIF will help to reduce probate, legal and executor fees and the time needed to settle your estate. In making the beneficiary designation you continue to enjoy full control over your funds during your lifetime and are able to change the beneficiary at any time.

A Gift of Retirement Plan Assets to the Health Sciences Centre Foundation Inc. can be done in three easy steps:

- 1) Obtain the RRSP/RRIF beneficiary form from your plan administrator;
- 2) Complete the form designating the **Health Sciences Centre Foundation Inc. (Charitable Business #11895 5012 RR0001)** as your beneficiary. Note: it is important to ensure any beneficiary designation made on your RRSP/RRIF account is synchronised with the provisions made in your will; and,
- 3) Return form to your plan administrator.

The Health Sciences Centre Foundation Inc. is pleased to accept donations of registered assets made during a donor's lifetime. With careful planning the donation tax credit received may typically result in an offset of the taxes otherwise payable. Most importantly making a gift during your lifetime enables you to see the real difference your donation makes in the lives of others. With the generous donation tax rules, donating your registered retirement savings to a charity makes sense as it allows you to leave more of what you have to those people and to those causes that are close to your heart (and less to the government in the form of taxes).

At the Health Sciences Centre Foundation Inc., we are committed to working in partnership with our donors to help them create a lasting legacy of their generosity. Please call us at (204) 515-5612 to learn more about how your Gifts of Retirement Plans Savings can give others a brighter future.

Legal Name: Health Sciences Centre Foundation Inc.

Charitable Business #: 11895 5012 RR0001

Thank you for considering how you can leave a legacy through the Health Sciences Centre Foundation Inc.

For more information please call the Health Sciences Centre Foundation Inc. at (204) 515-5612.

This material provides general information and is not intended to constitute or replace specific professional advice. Donors considering a legacy gift should speak to an advisor with appropriate tax and other expertise to implement a strategy that achieves their objectives.