

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.

Upon your death, where a surviving spouse is not a named beneficiary, your 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 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.

For many, an RRSP or RRIF plan will contribute significantly to income in the year of death. 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 Saugeen Shores Hospital Foundation through a beneficiary designation or a bequest gift in your Will is a very effective way to support local health care and provide a tax benefit to your Estate.

FEATURES OF RRSP/RRIF GIFTS:

- | Simple to arrange through a change in beneficiary or alternate beneficiary
- | Revocable gift with the Foundation as beneficiary or alternate 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 WAYS TO MAKE A GIFT WITH YOUR RRSP/RRIF PLAN:

1. Make Saugeen Shores 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 savings.

With 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 your 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 their Will should provide for a similar bequest. A receipt will be issued to the Estate to offset the income tax on the registered savings payable by the Estate.

Using this method, the asset is included in your 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

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 Saugeen Shores 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 SAUGEEN SHORES HOSPITAL FOUNDATION

Our Mission: Inspiring and empowering our communities to invest in advancing healthcare within the Brightshores Health System.

We are one of five Foundations that support Brightshores Health System hospitals in Lion's Head, Markdale, Meaford, Owen Sound, Wiarton and Saugeen Shores. Funds raised are used to purchase medical equipment and support other projects such as facility improvements, medical research and clinical staff education.

No government funding is provided for new and replacement equipment. Donor support is key to ensuring that our Hospital continues to thrive!

PLEASE CONTACT:

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This information provides a brief overview on planning a gift to Brightshores Health System Saugeen Shores 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.