FIGHTING BLINDNESS CANADA | VAINCRE LA CÉCITÉ CANADA

Registered Assets – RRSPs and RRIFs

A gift of RRSPs or RRIFs enables you to fulfill dual goals of supporting your favourite charity while reducing the amount of taxes that your estate would otherwise have to pay.

If you die without a surviving spouse or qualifying dependants, the full remaining value of your RRSP or RRIF is added to your income in the year of death, and your estate must pay the taxes.

RRSPs and RRIFs often create large tax liabilities for a taxpayer in the year of death, since the entire amount of the plan is included in the taxpayer's income in one year. Donating to **Fighting Blindness Canada** all or part of a RRSP or RRIF is a very effective way to reduce the taxes payable by your estate.

If the RRSP or RRIF has a registered charity as the **direct beneficiary**, the estate will receive a donation receipt for the entire value of the plan. The credit arising from this donation will offset the tax liability. As a result, the entire value inside a RRSP or RRIF can be given to a registered charity in the year of death with no tax implications.

There are two ways to donate the proceeds of a RRSP or RRIF:

1. You can name **Fighting Blindness Canada** as the direct beneficiary of your RRSP or RRIF. Upon your death the proceeds would be paid directly to **Fighting Blindness Canada** without going through probate.

2. You can name your estate as the beneficiary of your RRSP or RRIF and leave instructions in your Will to donate all or part of the RRSP or RRIF to **Fighting Blindness Canada**. You may specify a percentage of the RRSP or RRIF or a particular dollar amount to be donated. The donation qualifies for the charitable donations tax credit for up to 100% of income in the year of death and in the year preceding. Note: The trustee of your RRSP or RRIF will withhold taxes and probate will apply.

Please see over

Planning tips:

When considering a planned gift, it is important to consult your financial advisor when making a planned gift so you can choose a strategy which best provides you or your estate with the largest tax savings while fulfilling your charitable goals.

1. It is important to keep your Will up to date and to consult your lawyer and accountant to ensure that your Will provides for your beneficiaries and that your wishes are carried out with respect to donations and tax planning.

2. Life insurance proceeds, being generally non-taxable, can be used as a planning tool in the year of death. If a taxpayer leaves his or her RRSP or RRIF to a child, the taxpayer will have a large tax liability from the inclusion of the RRSP or RRIF in his or her income. Assigning a registered charity as the direct beneficiary of a life insurance policy will result in a donation tax credit for the value of the policy upon death. This tax credit can be used to help offset the tax liability from the RRSP or the RRIF. Consequently, a life insurance policy can allow for a smoother transfer of a RRSP or RRIF between generations.

Seek Expert Advice:

If you are thinking about transferring assets that have appreciated in value, you should seek expert advice from a tax specialist or financial planner. **Fighting Blindness Canada** strongly recommends professional advice to ensure that your financial goals are considered, your tax situation reviewed and your planned gift is tailored to your circumstances. Thank you for your interest in supporting **Fighting Blindness Canada** and our programs. For more information on our planned giving program, please call us at 416-360-4200 or 1-800-461-3331.