

RSP/RIF Gifts

Saving for your retirement is an essential part of a complete financial plan. However, your strategy should also consider what happens to your RSP or RIF 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 RSP or RIF 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 Memorial 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 charity 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 possible ways of using your RRSP or RRIF to make a gift to the Foundation are:

1. Make your Estate the beneficiary of the RSP or RIF 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 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. Donors might consider this option if they lack cash in the Estate to pay the resulting taxes.

2. Make Saugeen Memorial Hospital Foundation the beneficiary or alternate beneficiary of your RSP or RIF 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 the asset, 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.



About the Foundation:

Our mission is to raise and manage funds for equipment, facilities and staff development to ensure our community and visitors have access to the best possible hospital care.

The Saugeen Memorial Hospital Foundation is 1 of 5 foundations supporting Grey Bruce Health Services hospitals in Lion's Head, Markdale, Meaford, Owen Sound, Wiarton and Southampton. Our fundraised dollars are used to purchase equipment for Southampton Hospital, plus a share - based on patient usage, for our regional hospital in Owen Sound.

Each year we raise approximately \$500,000 to help purchase high priority medical equipment. The Provincial Ministry of Health provides very little funding to hospitals for up-to-date technology and facilities. Therefore, funds must be raised with help from the community.

Should you choose to arrange a gift with the Foundation, you would be helping to ensure a higher standard of hospital care for everyone in Saugeen Shores.

This makes your support critical.

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Visit smhfoundation.ca for further information about the Foundation.

This information provides a brief overview on planning a gift to Saugeen Memorial Hospital Foundation. The information is general in nature and is 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.