



# RRSPs/RRIFs/TFSA's

Many individuals have, as part of their retirement plan, tax-deferred instruments such as RRSPs, RRIFs, and TFSA's. At death, the total value of RRSPs and RRIFs must be reported as income and are fully taxable to the owner's estate.

In 2000, the federal government announced that proceeds of RRSPs and RRIFs paid directly to a charity upon death will qualify for a charitable tax receipt. TFSA's donated to charity also qualify for a charitable tax receipt.

If you are enrolled in an RRSP or have already converted your RRSP to a RRIF, you can name Assiniboine Community College Foundation Inc. the beneficiary of all or a portion of any retirement funds remaining at death. The College's Foundation may be named as the beneficiary directly on RRSP, RRIF and TFSA documents or similarly named in the Will as such. Your estate will receive a tax credit for the value of your gift.

## OTHER CONSIDERATIONS

- The tax credit your estate receives as a result of the donation will help offset any tax on the proceeds.
- These gifts fall outside of your estate and are, thus, not subject to probate.
- These donations can help reduce tax for the estate, providing greater assets for your beneficiaries.
- Your estate may claim gifts in the year of death equal to 100 percent of your net income in that year. RRSPs/RRIFs become fully taxable as income in the year of death, at the highest marginal tax rate, unless any remaining funds in an RRSP/RRIF account can be rolled over to a surviving spouse or a dependent child.
- You can use the retirement saving investment while you are alive with no concern that you are giving away money that you need to live on.
- You can designate your gift to the College priority that meets your interest, such as a scholarship, capital project, program or research.
- RRSPs/RRIFs/TFSA gifts are revocable and can be changed if your financial circumstances change.
- Gifts of RRSPs/RRIFs/TFSA's are less susceptible to being contested than a charitable bequest, and such gifts provide privacy because they don't go through probate.

**Please note:** Under current Canadian tax law, RRSPs/RRIFs cannot be transferred directly to a registered charity during one's lifetime and be eligible for a charitable tax receipt. While you may choose to withdraw funds from your retirement savings to make a gift, such a course of action will require you to claim the withdrawal as income, which will be fully taxable. The charitable tax receipt will offset some but not all of the income tax owing on the withdrawal.

If you are providing for your retirement needs through investments such as RRSPs, you may choose to use funds received from Canada Pension to make a charitable donation. When you receive your payment, simply send the College's Foundation a cheque for the amount or a portion of the distribution you received. You will receive a tax receipt for the value of your cash gift and your pension gift will be put to use immediately, giving you the benefit of seeing how your generosity is making a difference.

When changing the beneficiary designation please note that all donations to the College go through the Assiniboine College Foundation, whose legal name is [Assiniboine Community College Foundation Inc. at Brandon, Manitoba, Canada](#). Changing your beneficiary is a simple matter of contacting your RRSP/RRIF/TFSA administrator. He or she will ask you to sign a change of beneficiary form. There should be no cost to doing this.

*The purpose of this publication is to provide general information, not to render legal advice. In addition, any changes in the tax structure may affect the examples listed in this information. You should consult your own lawyer or other professional advisor about the applicability to your situation.*

**Shape future generations of students; shape your future.**



Founded in 1997, the Foundation is a non-profit charitable organization registered with Canada Revenue Agency and provides charitable tax receipts.

For more information on leaving a legacy and the Foundation's Planned Giving Program, please contact Beth Proven at (204) 223-5708. Email: [provenb2@assiniboine.net](mailto:provenb2@assiniboine.net)

[assiniboine.net/foundation](http://assiniboine.net/foundation)