A legacy for care close to home

WDMH FOUNDATION
Fundraising for Excellence.
Dundas Manor Long-Term Care Home
Winchester District Memorial Hospital

RRSPs/RRIFs: Your savings put to work for your family and the future of local health care

RRSPs[1] and RRIFs[2] are tax deferred investments, but the entire amount will eventually become taxable, either during your lifetime or by your estate (although spouses and dependent children are eligible as tax deferred beneficiaries).

This can result in the loss of nearly half of these assets to taxes. But by naming the WDMH Foundation as one of the beneficiaries of your registered funds, you will leave a generous gift that will have future impact on local health care, and your estate will benefit from the official charitable income tax receipt.

Company Sponsored Pension Plans

Many company sponsored pension plans allow continuing members to name a charitable beneficiary. If there is no spouse or dependent child to consider, naming the WDMH Foundation the beneficiary of your pension plan is a wonderful gift that will leave an incredible impact.

Ways to Donate Retirement Funds

Below are three strategies you could consider to leave an impact and save taxes by donating your registered assets to the WDMH Foundation. It's important to note that without planning a charitable gift, a RRIF with a value of $250,000 at death would create approximately a $100,000 tax bill, owed to the Canada Revenue Agency (assuming a 40% marginal tax rate). Your estate or heirs would then receive the remaining $150,000.

1. If it is best for you, withdraw extra funds from a RRIF (or capital from an RRSP) and donate the same amount. You will receive an official charitable income tax receipt offsetting the income tax payable on the withdrawal.

2. Another way to give is by naming the WDMH Foundation as the beneficiary (or alternate beneficiary, after a spouse, or dependant child) on your RRSP or RRIF documents using your financial institution's beneficiary form. Upon your passing (or that of your spouse), the WDMH Foundation receives the balance of the assets directly from the financial institution. Your estate would then receive an official charitable income tax receipt from the WDMH Foundation to offset the other taxable income in your estate.

3. You can rollover your RRIF (or RRSP) tax-free to a spouse, financially dependent child or grandchild under 18, or mentally or physically dependant child or grandchild of any age. But, if none of these circumstances are possible, it may be worth considering having your estate be the beneficiary, and making a significant gift in your Will to the WDMH Foundation. RRSPs/RRIFs are most people's largest tax liability in an estate, since they are a tax deferred investment during life. The charitable income tax receipt your estate would receive would help reduce your taxes. Donations can be claimed against 100 % of net income in the year of death. And if the donation is too large to claim in the year of death, it is possible to carry back donations to claim against 100% of net income in the preceding year. The 100% contribution limit can eliminate all tax in the final two years if the gift is large relative to income.

Collapsing or Closing an RRSP/RRIF

It seldom makes sense to make gifts directly from an RRSP/RRIF during life. This is because withdrawals are treated as regular taxable income and you could be faced with claw-backs to government benefit programs, such as Old Age Security (OAS). However, there are times when collapsing a RRIF is a financially sound tactic and a charitable gift can help offset taxation of the income. Tax and financial advisors should be consulted to determine the appropriateness of collapsing a registered plan.

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[1] An RRSP is a Registered Retirement Savings Plan. It is a legal trust registered with the Canada Revenue Agency and used to save for retirement. RRSP contributions are tax deductible and taxes are deferred until the money is withdrawn.

2 A RRIF is a Registered Retirement Income Fund. It is a tax-deferred retirement plan under Canadian tax law. Individuals use a RRIF to generate income from the savings accumulated under their Registered Retirement Savings Plan. As with an RRSP, a RRIF account is registered with the Canada Revenue Agency.

Mandatory RRIF Withdrawals

To ensure a stream of taxable income, the government requires a minimum annual withdrawal from your RRIF in the year you turn 71. If this income is not needed for current living expenses, you may feel you are simply throwing away your hard-earned money on taxes. Donating this excess income could make sense for you.

A Word or Two About Professional Advice

Your financial and family situation is unique to you. You owe it to yourself, your loved ones, and the charities whose work you wish to support, to seek professional advice to make the most of your life savings and to achieve your philanthropic goals.

Please consult professional financial, estate and gift planning advisors to determine the best course of action and plan for you, your family and the WDMH Foundation.

Please Let Us Know!

If you decide to name the WDMH Foundation as one of your beneficiaries–thank you! Please let us know so we can provide you with our legal name and registration number for your form, and make sure your gift will have the impact you want.

Your Gift. Your Impact. Your Choice

As with all gifts to the WDMH Foundation, you can choose if your gift will support Winchester District Memorial Hospital, Dundas Manor Long-Term Care Home or both.



Community. Care. Close to Home.

For more information about legacy gifts, please contact us.

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Or just drop in at our office in the hospital lobby!

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Charitable Registration Number: 89282 4368 RR0001

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Dundas Manor

This information, obtained from various sources, is believed to be reliable, but its accuracy cannot be guaranteed. This information is not intended as legal, financial or tax planning advice. When considering any planned gift, you should always consult your professional advisors to determine the applicability for your specific circumstances.