



Gifts of RRSPs or RRIFs

As part of estate planning, a gift of the funds remaining at death in your Registered Retirement Savings Plan (RRSP) or Registered Retirement Income Fund (RRIF) can help you realize substantial tax savings for your estate and, at the same time, allow you to make a substantial difference in the lives of those served by the BC Cancer Foundation.

Under normal circumstances, the funds remaining in your RRSP or RRIF at death are included in your taxable income in the final year of life, unless you transfer them to your spouse. This means that your estate will have to pay the income tax on all the funds remaining in your RRSP or RRIF and only the after-tax amount will be available to be transferred to your intended beneficiaries.

You can reduce the amount of tax payable by your estate by designating a registered charity, such as the BC Cancer Foundation, as a beneficiary of your RRSP or RRIF.

Here is an example of how this works:

Ms. Martin died on August 1, 2005. Her net income at death, not including her RRSP, was \$200,000. She had no spouse and owned an RRSP valued at \$150,000. The following illustration shows the difference in tax payable by Ms. Martin's estate depending on whether or not she had designated the BC Cancer Foundation as the beneficiary of her RRSP.

| | No designation | BC Cancer Foundation designated as beneficiary |
|---|-----------------------|---|
| Ordinary income | 200,000 | 200,000 |
| RRSP income | 150,000 | 150,000 |
| Taxable income | 350,000 | 350,000 |
| Donation tax credit | n/a | (65,550) |
| Tax payable @43.7% (B.C.) | 152,950 | 87,400 |
| Estate retains | 197,050 | 112,600 |
| Charity receives | 0 | 150,000 |
| Total to estate and BC Cancer Foundation | \$197,050 | \$ 262,600 |

In the above example, through her RRSP designation, Ms. Martin ensured that her estate saved \$65,550 in income tax payable and, at the same time, contributed \$150,000 to the BC Cancer Foundation.

Through a designation of your RRSP or RRIF funds to a registered charity, like the BC Cancer Foundation, your estate will realize savings not only in income tax but also in probate tax payable. To get the best plan for you, we recommend that you consult your tax and financial advisors before finalizing your estate plan.

When considering whether to designate a charity, such as the BC Cancer Foundation, as the beneficiary of your RRSP or RRIF, you may wish to think about and discuss the following with your financial advisor:

- The value of your RRSP or RRIF;
- Whether you would like your spouse to benefit from your RRSP or RRIF after your death;
- The value of your other assets;
- Whether it would be beneficial for you to directly designate the charity as the beneficiary of your RRSP or RRIF to avoid having your RRSP or RRIF proceeds flow into your estate;
- The portion of your estate that you would like to donate to a charity in light of the tax benefits of making the gift;
- The correct legal name of the charity you have chosen.

Designating a charity, such as the BC Cancer Foundation, as the beneficiary of your RRSP or RRIF is easy. Simply contact the financial institution holding your RRSP or RRIF and ask for a beneficiary designation form. Staff at the BC Cancer Foundation can help you complete the beneficiary designation form to ensure that your wishes can be carried out. Your gift will contribute to enhancing cancer care and advancing research in B.C. and beyond.

For more information and to speak to someone personally and confidentially about making a gift, please contact:

BC Cancer Foundation Provincial Office:

Isabela Zabava, LL.B.
Senior Director, Planned Giving
Phone: 604.877.6157
Fax: 604.877.6161
Toll free: 1.888.906.2873
Email: izabava@bccancer.bc.ca

For information about the BC Cancer Agency centre closest to you, please contact:

BC Cancer Foundation Regional Offices:

Abbotsford

Toll free: 1.877.751.0111

Fraser Valley

Toll free: 1.866.232.9974

Southern Interior

Toll free: 1.866.230.9988

Vancouver Island

Victoria – Toll free: 1.866.519.5550
Nanaimo – Phone: 250.729.8869

The above information is general in nature and is not legal or tax advice. We can help you realize your wish to support cancer research and care in British Columbia by working with you and your financial and legal professional advisors.