

Gifts of Pension Funds, such as RRSPs and RRIFs

Registered Retirement Savings Plans (RRSPs) and Registered Retirement Income Funds (RRIFs) offer beneficial ways to give back to your favorite causes while still providing for loved ones.

Making a legacy gift with retirement funds is easy—simply request the beneficiary forms from your broker or bank, and name your fund at The Winnipeg Foundation as the beneficiary. Then let us know so we can thank you and ensure your gift is used as you wish.

Tax benefits

Pension funds are often subject to heavy taxation, up to 50 percent in some cases. Naming The Foundation, rather than your estate, as a beneficiary of all or part of these funds entitles your estate to a tax receipt equal in value to the size of the gift, generating further savings on your entire estate and preserving the value of funds for distribution to your other heirs. Pension funds that are not directed to your estate are also not subject to probate fees or a waiting period.

See the following page for a Sample Case Study.

Sample Case Study

With the death of his wife, William (age 74) is now reviewing his estate plan. He would like to establish a fund in honour of his late wife, Clara, at The Winnipeg Foundation to benefit their favourite causes, while still providing for his two children. Since he has other assets including a home, cash and investments, he knows he may comfortably take care of both his children and his community.

Upon his death, William's estate assets and income will put him in a marginal tax bracket of approximately 46.4%. He wants to ensure he makes his gift as tax efficiently as possible.

Illustration #1

Value of retirement plan	\$100,000
Income tax due	-\$46,000
Balance remaining	\$53,600
Net distribution to children	\$53,600
Total taxes paid	46.4% (\$46,400/\$100,000)
Total to children as a percentage of plan assets	53.6% (\$53,600/\$100,000)

Illustration #2

William, believing he has sufficient other assets to provide for his children, names The William and Clara Watson Fund at The Winnipeg Foundation as the sole beneficiary of his retirement plan, using the forms supplied by his plan providers. This process helps him avoid paying any income tax on the assets when they pass to his family fund, because it is held by The Winnipeg Foundation which has tax-exempt status. This gift also allows him to honour his wife and their shared charitable causes with a large legacy gift.

Value of Retirement Plans	\$100,000
Minus Income Tax due	-\$46,400
Offsetting charitable tax credit from gift	+\$46,400
Balance of Retirement Plan to Wpg Foundation	\$100,000
Total taxes paid as a percentage of plan asset	0.0%
Total to Wpg Foundation as a percentage of plan asset	100.0%

For more information about making a charitable gift with your pension funds, please contact us at:

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info@wpgfdn.org

NOTE TO READER: 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. Please consult your lawyer or professional advisor when planning your gift.