

## RRSP & RRIF Funds

The KGH Foundation welcomes gifts of RRSP & RRIF funds.

### Benefits of this Planned Gift

- ✎ Charitable tax receipt offsets taxes when a current gift
- ✎ Charitable tax receipt offsets taxes when an estate gift
- ✎ Passes directly to the Foundation outside of your Will
- ✎ Avoids probate fees

Your RRSP or RRIF can be gifted directly to the KGH Foundation without passing through your estate and probate. To designate the Foundation as a direct beneficiary of your RRSP or RRIF, you simply fill out a form supplied to you by the financial advisor handling your fund, which then is submitted directly to your fund's financial investment carrier. You have the option of designating all or a portion of your fund to the Foundation as your legacy.

Upon receipt of your gift, the Foundation will issue you a charitable tax receipt for the full amount of your gift. This tax receipt may be used to offset the taxes incurred on these registered funds, making this a tax-smart option for charitable giving.

Individuals and families, who have a particular interest in retaining the privacy of their family's assets divested through a Will, find a gift of your RRSP or RRIF is a preferred method. This gift flows outside your Will. The proceeds of your registered fund will flow directly from the financial institution to the Foundation and do not pass through probate.

The permanent legacy of an endowment is a thoughtful way of using the proceeds of your gift of registered funds. An endowment will continue on in perpetuity, providing support for future generations. Each year we invest the capital and use the annual income of your fund to support the program or projects that you have designated. The fund will carry your name forward, creating a history for the Foundation.

# KGHFUNDATION

At age 71 your RRSP must be converted into an RRIF or a Retirement Annuity. It may be helpful to know that the following applies when an individual dies prior to converting their RRSP:

- a) A surviving spouse named as beneficiary can elect to keep the funds within their spousal RRSP. Funds will not be taxed until withdrawn.
- b) Underage children named a beneficiary can elect to roll the RRSP proceeds into an annuity. The annuity will pay instalments to each child until age 18.
- c) Physically or mentally impaired dependants that are the beneficiaries of an RRSP may elect to roll the proceeds tax-free into a personal RRSP, or use the proceeds for either a personal annuity or a RRIF.

When you name a beneficiary other than your surviving spouse or any dependants; for example your cousin, niece or a nephew, your RRSP will be taxed on the full value as ordinary income in the year of death.

Depending on the combined tax rate, up to 50% of the accumulated fund may be consumed in taxes.

Designating your RRSP or RRIF to a charity allows you to offset this tax.

## Sample

An individual aged 60 dies, leaving an RRSP to the Foundation.

The value of the RRSP is \$50,000.

Taxable income on funds \$50,000.

Charitable tax receipt \$50,000.

Net tax \$ 0.00

Or

An individual designates the Foundation as the beneficiary of 20% of their RRIF.

In the year of their death the RRIF value is \$ 150,000.

Legacy to the Foundation \$ 30,000.

Charitable tax receipt \$ 30,000.

The charitable tax receipt is used to offset \$30,000 of taxable income for the estate, which has the added benefit of assisting additional estate beneficiaries.