Gifts of Retirement Funds: RRSPs, RRIFs, Annuities and Pension Assets

Many individuals have, as part of their retirement plan, tax-deferred instruments such as RRSPs, RRIFs, pensions or annuities. At death, the total value of these funds must be reported as income and are fully taxable to the owner's estate if there is no named qualifying beneficiary.

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.

If you are enrolled in an RRSP or have already converted your RRSP to a RRIF, you can name the University of Manitoba beneficiary of all or a portion of any retirement funds remaining at death. The University may be named as the beneficiary directly on retirement plan 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 offset any tax on the proceeds.
- Gifts of RRSPs and RRIFs fall outside of your estate and are, thus, not subject to probate.
- Donations of a retirement plan to the University can significantly reduce tax for the estate, providing greater assets for your residuary beneficiaries.
- Your estate may claim gifts in the year of death equal to 100 percent of your net income in that year and the preceding year. RRSPs/RRIFs become fully taxable as income in the year of death, usually at the highest marginal tax rate, unless any remaining funds in a RRSP/RRIF account can be rolled over to a surviving spouse or a dependant child.
- You can use the retirement saving investment while you are alive.
- You can designate your gift to a university priority that meets your interest, such as a scholarship, capital project, program or research.
• RRSPs/RRIFs gifts are revocable and can be changed if your financial circumstances change.
• Gifts of RRSPs/RRIFs are less susceptible to being contested than a charitable bequest, and such gifts provide privacy.

**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 University of Manitoba 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 the university's legal name is The University of Manitoba at Winnipeg, Manitoba, Canada. Changing your beneficiary is a simple matter of contacting your pension or RRSP/RRIF administrator. He or she will ask you to sign a change of beneficiary form. There should be no cost to doing this.

The university's charitable number is 11926-0669-RR0001.

For more information contact:
Manager, Planned Giving, the University of Manitoba
Department of Development, 179 Extended Education Complex
Winnipeg, MB R3T 2N2
Tel.: (204) 474-9195 or Toll Free: 1-800-330-8066
Fax: (204) 474-7635 Email: planned_giving@umanitoba.ca

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.