Retirement Funds – For Saving…and for Giving

*Use tax-deferred assets accumulated for your retirement to provide for **Red Roof Retreat**, after you no longer require them. Convert an 'end of life' tax liability into a meaningful charitable gift. Moreover, retain control to easily make revisions should your future circumstances change.*

Great things grow under our roof

Making Your Designation Count

The federal government has made it very easy to make a future contribution of proceeds from a registered retirement savings plan (RRSP) or a registered retirement income fund (RRIF).

Contributing the proceeds of a retirement fund to ***Red Roof Retreat*** allows you an opportunity to make a significant investment in the children, youth and young adults of our community, receive a donation receipt for the full value of the proceeds and know that the resulting tax credits will offset taxes otherwise payable by your estate.

For many people, an RRSP is the best way to accumulate funds for retirement. Not only is the amount invested each year sheltered from taxation, but the earnings on assets in the fund are also sheltered from tax. Thus, it is often advantageous to contribute as much as possible as early as possible each year to an RRSP.

However, RRSP funds are <u>fully taxable</u> when withdrawn. Some individuals start receiving distributions from their plans immediately upon retirement. Others, not needing the money, defer payments as long as possible. They like to continue taking advantage of the income tax deferral growth accorded such funds. Further, they may defer payments because they regard their RRSP as a financial reserve, to be tapped only when needed.

Distributions cannot be delayed beyond age 71. By that time, one must elect either a retirement annuity or a RRIF.

Depending on your financial circumstances, it may be advantageous for you to consider a gift of retirement plan assets, as a strategy for reducing the 'end of life' taxes that will be owed by your estate.

For more information about making a gift of retirement fund assets and other ways to invest in our future, please contact:

Red Roof Retreat
1594 Concession Six, RR2
Niagara on the Lake, ON, L0S 1J0

Phone: 289-868-9800
Fax: 289-868-9333
E-mail:office@redroofretreat.com
Website: www.redrooftretreat.com

Charitable Registration #88759 2285 RR0001

Red Roof RETREAT

For example, if a spouse survives you, s/he would ordinarily be the beneficiary of your retirement funds. If you have an RRSP, your surviving spouse can keep the funds in a tax-deferred plan. If you have already converted the plan to a RRIF, your surviving spouse can continue to receive payments, and they will only be taxed as received.

However, at the death of your surviving spouse, *all of the remaining funds* will be taken into income that year and fully taxed.

A Gift of Retirement Funds

If you are the surviving spouse or otherwise single, then your remaining retirement funds can make an excellent charitable gift because the tax credits will offset *entirely,* the tax owing on the distribution at your death.

The recommended strategy is to designate our organization as beneficiary of all or a portion of your RRSP and RRIF funds.

<u>Example</u>:

Mary Jane, a widow, dies at age 85 and leaves $100,000 of her RRIF funds to Red Roof Retreat.

Tax calculated on RRIF funds (46% combined rate)	*$46,000*
Tax credit (Combined credit is 46% of gift and the entire gift is creditable.)	*-<u>46,000</u>*
Net tax paid on distribution	*0*

Probate taxes charged on your estate will be reduced and the gift cannot be challenged as retirement fund proceeds pass outside your estate directly to us, providing an additional measure of privacy.

During your lifetime, you can designate the proceeds to benefit a particular program area of interest, or your gift can be directed to our organization's highest priority needs.

Retirement Funds – easily convert an 'end of life' tax liability into a meaningful gift beyond your lifetime.

This information does not constitute legal or financial advice and should not be relied upon as a substitute for appropriate counsel. We recommend that you seek professional legal, estate planning, and/or financial advice before deciding on a course of action.