

Donating your **RRSPs or RRIFs.** A gesture for life.

Withdrawals from RRSPs or RRIFs are heavily taxed in Quebec, whether during your lifetime or at the time of passing – that is, unless the beneficiary is your spouse **or the funds are donated to charity.**

Depending on your financial situation, it may be advantageous to consider donating part or all of the funds accumulated in your RRSP or RRIF. As a result, **the donation tax credit can offset the tax withheld upon withdrawal.**

In fact, you could make a planned gift without affecting the amount payable to your heirs.

| | No donation | RRSP donation of \$100,000 |
|---|------------------|----------------------------|
| Total estate assets, including \$100,000 RRSP | \$200,000 | \$200,000 |
| RRSP donation of \$100,000 | \$0 | -\$100,000 |
| Tax on RRSP (50%) | -\$50,000 | -\$50,000 |
| Donation tax credit | \$0 | +\$50,000 |
| Estate assets after taxes and donation | \$150,000 | \$150,000 |

To illustrate this, we use a tax rate of 50%. Also, since the money in an RRSP or RRIF is considered additional income at the time of death, it may have an impact on the tax rate. The tax rate at the time of death may be higher than the rate applicable during your lifetime.

In order to properly evaluate the actual potential of an RRSP or RRIF donation, consult your financial planner. Your financial planner can then evaluate the possible impact of your donation according to your tax situation, whether during your lifetime or at the time of death.

If you choose to donate your RRSPs or RRIFs upon your death, it is important to provide for this in your will by means of a testamentary clause naming Leucan as a beneficiary in whole or in part. Discuss this with your notary or lawyer when drafting your will.

For more information, please contact laurence.courteau@leucan.qc.ca.