RRSPs and RRIFs can often trigger a sizeable tax bill for your estate. Without a surviving spouse or qualifying dependants, the value of your RRSP or RRIF is taxed as ordinary income. Depending on your tax rate, your estate could play up to 46% of the value in taxes.

Naming (or designating) a charity as the beneficiary of all or a portion of your RRSP or RRIF is a savvy way to reduce your estate taxes while maintaining control and benefiting from your registered account during your lifetime. Naming a charity as the beneficiary, means your RRSP/RRIF will not form part of your estate and will be exempt from probate and executor fees. In addition, your estate will receive a charitable tax receipt for the value to help offset the taxes payable by your estate.

**Example - Bequest of RRSP/RRIF**

Bob is retired and a widower with adult children. He draws an income from a RRIF worth $200,000. Wanting to make a generous contribution to the Heart Institute, he decides to name the University of Ottawa Heart Institute Foundation as beneficiary of his RRIF.

Assuming that there is $100,000 remaining in his RRIF when he passes away, the University of Ottawa Heart Institute will receive a generous gift of $100,000 from Bob's estate.

**The benefit to Bob’s estate is:**

- The RRSP/RRIF will not be subject to probate and executor fees and
- Bob’s estate will receive a $100,000 charitable tax receipt to help offset any taxes payable by his estate.

Please note that this example is for illustration purposes only. Your personal financial and tax situation is unique and tax rates and charitable gift policies can differ by province. For example, Quebec's policies require your RRSP/RRIF be gifted through your Will.

Please consult with your legal or financial advisor to ensure that you receive a full and accurate explanation of the benefits to you of your charitable gift.