Donate & replenish RRSP or RRIF **gifts to charity**

A tax-effective method for recovering tax dollars for your beneficiaries

Insurance & Investments
Simple. Fast. Easy.®

Empire Life®

Challenge

- Upon death, registered retirement savings plans (RRSP) and registered retirement income funds (RRIF) are generally deemed to be disposed and therefore included as income, increasing income taxes and perhaps tax bracket
- A spousal rollover is available to defer the deemed disposition until the death of the surviving spouse
- If no spousal rollover, up to half of the RRSP/RRIF money may be lost to taxes depending on resulting tax bracket

Opportunity

- Donations to an eligible charity entitle the donor to a credit against income taxes payable
- Charitable tax credits in the year of death can offset up to 100% of net income
- Name an eligible charity beneficiary of the RRSP/RRIF, then upon death, a charitable credit reduces taxes payable by the estate
- The tax money is diverted to the charity while preserving the estate entitlement of the heirs

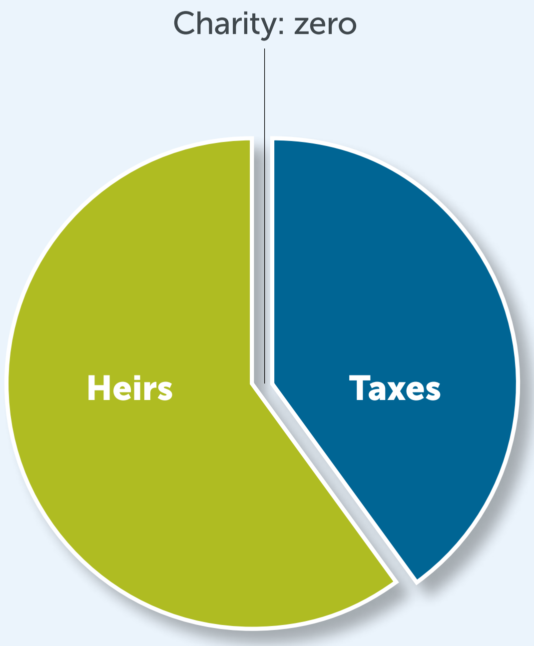
Candidate

- Planning for a single senior or surviving spouse
- RRSP/RRIF holdings are expected to be remaining at the death of the senior or surviving spouse
- Children (or other beneficiaries) have been named as beneficiaries of the RRSP/RRIF money (or it may be flowing to them through the estate)
- Candidate would like to provide support to a favoured eligible charity

Strategy

- Name the charity as RRSP/RRIF beneficiary
- The charitable tax credit issued on the death of the donor will reduce and may totally eliminate the tax otherwise payable by the estate on the deemed disposition of the RRSP/RRIF
- In anticipation of the tax savings, a life insurance policy is purchased naming the children or other heirs as beneficiaries, which will replace and potentially exceed the RRSP/RRIF proceeds the heirs would otherwise have received.

Children intended to receive:
$250K RRSP/RRIF*



*Assumes a 40% marginal tax rate at death

Diverting Taxable Dollars To Charity

Current Situation:

- RRIF Value at death..................$250,000
- No surviving spouse
- Children as beneficiaries
- 40% Marginal Tax Rate

Tax Dept. receives........................ $100,000

Children receive........................... $150,000

Charity receives........................... $0

Strategy

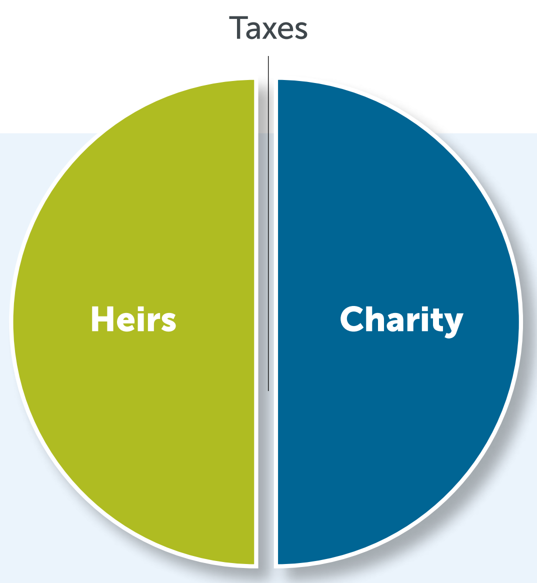
- Client buys $250,000 Life Insurance policy
- Client bequeaths $250,000 RRIF to charity
- Charity issues $250,000 Receipt at death
- Tax Receipt generates $100,000 Tax Credit
- Tax Credit eliminates tax payable on RRIF

Outcomes and Benefits

Charity receives......................$250,000

Children receive......................$250,000

Tax Dept may receive.............$0



The Empire Life Insurance Company
259 King Street East,
Kingston, ON K7L 3A8

The Empire Life Insurance Company (Empire Life) is a proud Canadian company that has been in business since 1923. We offer individual and group life and health insurance, investment and retirement products.

Our mission is to make it simple, fast and easy for Canadians to get the products and services they need to build wealth, generate income, and achieve financial security.

Follow us on social media @EmpireLife or visit empire.ca for more information, including current ratings and financial results.

For more information visit empire.ca.

Insurance & Investments – Simple. Fast. Easy.®
empire.ca   info@empire.ca   1 877 548-1881

INS-2393-EN-07/23