

➤ RRSP strategies

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What Happens To My RRSP When I Pass Away?

What Happens To My RRSP When I Pass Away Without A Will?

When you pass away a number of things can happen to your RRSP/RRIF.

If you have designated a beneficiary of your RRSP/RRIF in your application form or by your will, the named beneficiary will receive the proceeds of the RRSP/RRIF on your death. If the named beneficiary is your spouse, the RRSP/RRIF can be “rolled” or transferred without any immediate tax consequences (you may have to pay probate fees if the beneficiary designation is done by your will). You may also obtain a tax deferral by naming a financially dependent child or grandchild under the age of eighteen as a beneficiary of your RRSP/RRIF or as a beneficiary of your estate in your will.

If a spouse or a financially dependent child or grandchild does not receive the RRSP/RRIF at the time of death, the RRSP/RRIF must be reported as income in the final income tax return of the deceased and may be subject to probate fees with possibly up to 50% of the value of the RRSP/RRIF subject to taxation. A number of estate and tax planning opportunities are available which can reduce such taxation.

If you pass away without a will, or without completing a beneficiary designation form in regard to your RRSP/RRIF, then you have died intestate and your estate and RRSP/RRIF will be distributed according to the laws of the province in which you reside, with possible negative tax consequences and distribution of your estate without consideration to any of your specific wishes.

You have worked hard, saved, and invested wisely to build your legacy. Ensure that your estate distribution wishes will be clearly understood and honoured. Together we can create your customized Estate Plan. Don't delay, these are important matters. You will feel relief knowing that should anything happen to you, your family will be well-looked after. Give me a call today.

At DundeeWealth, we believe that having a financial plan forms the foundation necessary to grow, protect and transfer wealth from one generation to the next. We are committed to provide information on a variety of financial planning topics so our clients are able to make informed decisions.

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