

A Guide to Creating Your Legacy at the University of Waterloo

Planned giving can allow people who have limited financial resources in their lifetime to achieve larger gifts than they thought possible, to make a positive difference at the University of Waterloo and in the world. It's an opportunity for you to create a meaningful, enduring legacy.



A gift of registered investments

Saving for your retirement is an essential component of a complete financial plan; however, your strategy should also consider what happens to these funds in your estate. Any asset – such as a registered retirement savings plan (RRSP), a registered retirement income fund (RRIF) or a Tax-Free Savings Account (TFSA) – that has a named beneficiary can be gifted directly to the University of Waterloo.

Gifts of registered investments have complex arrangements and structures – we advise you to speak to your financial advisor or accountant to learn more.

What are the advantages of this type of gift?

- › Your estate receives a tax receipt for the value of the fund, offsetting taxes owing on the proceeds.
- › Gifts of RRSPs, RRIFs and TFSAs remain outside your will, so they are not subject to probate fees.
- › They are simple to arrange through a change in beneficiary or alternative beneficiary status.





How does this type of gift work?

There are three options to make gifts from a retirement fund:

1. Name the University of Waterloo as the beneficiary or alternate beneficiary. Upon your death, or your spouse's death, the University receives the balance of the asset directly from the financial institution. Your estate receives tax credits for the charitable gift to help offset tax payable on income.
2. Name your estate as beneficiary after your spouse, and have the estate donate an equivalent value to the University. This option allows your estate to take advantage of the tax-free rollover to your spouse, and on the death of the last surviving spouse, a charitable gift can be made to the University of Waterloo.*

*Your will must specify the gift to the University is equal to the value of the RSP. If your spouse survives you, then your spouse's will must provide for a similar gift. Consider including the RRSP/RRIF account number and institution it is held at in the clause in the will. If your estate is the beneficiary and a gift is made to the University, a charitable gift receipt will then be issued to the estate to offset taxes payable by the estate, making all other income net of taxes available for distribution to other beneficiaries.

3. Establish a joint Last-to-Die life insurance policy with a face value equal to what you expect the value of the RRSP/RRIF/TFSA to be at your death. Name the University of Waterloo as the beneficiary in a joint Last-to-Die life insurance policy. Upon your death, a tax receipt for the full value of the asset is issued, offsetting tax (if any) which would otherwise be payable by your estate. Your beneficiaries will receive the full value of the insurance policy without triggering tax, since proceeds from life insurance policies are distributed to beneficiaries tax free.

It is important to note that on your death, your registered savings are deemed to be disposed of, and unless they pass to a surviving spouse, 100 per cent of the remaining balance is added to your income in the year of death.*

*You may name other beneficiaries; however, your estate is liable for the tax. If other income was earned prior to death, it could easily be subject to tax at a higher marginal tax rate, significantly reducing the amount of the RRSP or RRIF available to your beneficiaries. There are exceptions for financially dependent children and grandchildren under the age of 18, as well as for a person with a disability over the age of 18.

The information within these pages does not constitute legal or financial advice. We strongly encourage you to seek professional legal and/or financial advice for your particular situation.

For more information on how you can establish your legacy gift to support Waterloo's future, contact our Planned Giving team at **519-888-4567 ext. 41879** or plannedgiving@uwaterloo.ca

