

Tax Tip

Week of March 14, 2011

RRSP Beneficiaries

If you have had a RRSP in place for a number of years, are you certain who was established as the beneficiary? It may be prudent to look at the documentation when the plan was established to ensure the appropriate beneficiary has been selected.

There are number of tax implications for the beneficiaries of RRSPs. If the estate is the beneficiary, the amount will be taxable in the deceased's final tax return and the amount included for purposes of any probate calculation. If the spouse is selected, the amount can be transferred on a tax free basis to the surviving spouse. If an ex-wife has been selected and not been changed upon separation or divorce, that person will receive a gift they were certainly not expecting.

Take the time to check the beneficiaries to ensure they are consistent with your current financial planning goals and objectives.