

## Beneficiary Designation in the Advantages Retirement Plan™

### Learning Objectives

- Learn about what it means to designate a beneficiary for your Advantages Retirement Plan™ TFSA, RRSP or RRIF accounts
- Learn about some factors you may wish to consider in designating a beneficiary for your TFSA, RRSP, and RRIF accounts in your Advantages Retirement Plan™

### Key Insights

- Designating one or more beneficiaries for your Advantages Retirement Plan™ account means that you are planning ahead to identify the individual(s) who will receive your Advantages Retirement Plan™ assets in the event of your death
- Subject to applicable laws, by designating one or more beneficiaries under the Advantages Retirement Plan™, assets held in the Advantages Retirement Plan™ will be paid directly to the named individual(s) upon your death and will not form part of your estate. If you do not designate beneficiaries under the Advantages Retirement Plan™, assets held in the Advantages Retirement Plan™ will be paid into your estate upon your death, to be paid out in accordance with your will or as otherwise required under applicable laws
- Beneficiary designations for the Advantages Retirement Plan™ apply individually to the TFSA, RRSP and RRIF accounts (if applicable), and do not need to be the same person for all three accounts
- If you are married or have a common-law partner, assets held in the Advantages Retirement Plan™ may be transferred directly, on a non-taxable basis, to your spouse or common-law partner's RRSP, RRIF or TFSA, as applicable, if your spouse or common-law partner is designated as the "successor holder" (TFSA) and "successor annuitant" (RRIF) or "beneficiary" (RRSP) upon your death
- You should consult a financial advisor, accountant and/or lawyer to understand how designating a beneficiary under the Advantages Retirement Plan™ fits into your overall estate planning

After you enroll in the Advantages Retirement Plan™, click on the profile icon in the top-right corner of your account dashboard to access the beneficiary designation form. Select "Update my personal details" in the drop-down menu, and at the top click on "Beneficiaries". You can name one or more beneficiary(ies) for each regulatory account (TFSA, RRSP, RRIF) – your beneficiaries do not have to be the same person(s) for all three accounts.

Subject to applicable laws, by designating a beneficiary for each of your TFSA, RRSP and/or RRIF accounts, assets held in these accounts will be paid directly to the named individual(s) upon your death and will not form part of your estate. If you do not designate beneficiaries for your TFSA, RRSP and/or RRIF accounts, assets held in these accounts will be paid into your

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estate upon your death and will be paid out in accordance with your will, or as otherwise required under applicable laws.

## **If you have a spouse**

In this article, the term “spouse” includes a common-law partner, and each has the meaning recognized in the Income Tax Act (Canada) (the “ITA”).

If you want your spouse to receive some or all of the assets held in the Advantages Retirement Plan™ upon your death, you can designate your spouse as “beneficiary” under some or all of your accounts. Under the ITA, there are different rules and terminology used relating to designating a spouse under a RRSP, TFSA or RRIF.

### RRSP – spousal beneficiary

If you designate your spouse as the beneficiary of your RRSP, the ITA permits the value of the RRSP account on your death to be “rolled-over” to your spouse’s RRSP on a non-taxable basis. Technically, the value of your RRSP account at the time of your death is included in your surviving spouse’s income, but your surviving spouse then claims a tax deduction to fully offset this income. Taxes remain deferred while the money is in your surviving spouse’s RRSP.

### TFSA – successor holder and/or RRIF – successor annuitant

Under the ITA, you may designate your spouse as a successor holder for the TFSA, and a successor annuitant for your RRIF accounts in your Advantages Retirement Plan™, in which case your spouse effectively “takes over” your account assets upon your death.

If your spouse is named as beneficiary (RRSP), successor holder (TFSA) or successor annuitant (RRIF), under the Advantages Retirement Plan™, following your death, your spouse can then choose from the following options:

1. Join the Advantages Retirement Plan™ and have the assets continue in their own Advantages Retirement Plan™ account
2. Transfer the assets to their RRSP, TFSA and RRIF within their Advantages Retirement Plan™ account if they are already a member
3. Transfer the assets to another RRSP, TFSA and RRIF at a financial institution outside the Advantages Retirement Plan™

Your beneficiary, successor holder and/or successor annuitant designations will not automatically be revoked or updated in the event of a change in your spousal status. If you have a change in spousal status, you may wish to consult a lawyer, accountant or financial advisor to determine what changes, if any, should be made to your designations under the Advantages Retirement Plan™.

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## **Non-spouse beneficiaries**

There is no direct transfer of funds to another registered product for beneficiaries other than spouses. Subject to applicable laws, upon your death, if you designate one or more beneficiaries other than your spouse for your accounts (RRSP, TFSA, RRIF) under the Advantages Retirement Plan™, the designated individuals will be paid the applicable account balance (or portion thereof), less taxes, by cheque. Unless you update your designations, if your designated beneficiary/beneficiaries predecease(s) you, payment will be made to the remaining surviving beneficiaries designated for that account in equal parts and if none, to your estate.

## **No beneficiaries**

If you do not complete the beneficiary designation process, subject to applicable laws, all of your Advantages Retirement Plan™ assets will be paid to your estate (less taxes), for distribution by your executor in accordance with your will.

## **Revocability**

Beneficiary designations for your TFSA, RRIF, and RRSP accounts in your Advantages Retirement Plan™ are generally revocable.

If you wish to change a beneficiary designation, you may do so by completing a new Advantages Retirement Plan™ beneficiary designation form at any time. You should periodically review your beneficiary designations, especially in the event of major life changes such as marriage, divorce, separation, or the birth of children. If you are a Quebec resident or a non-resident of Canada, different rules may apply and you should contact [admin@advantagesretirementplan.ca](mailto:admin@advantagesretirementplan.ca).

The Advantage Retirement Plan is one component of your estate. We recommend that you consult a financial advisor, accountant and/or lawyer to understand how designating a beneficiary under the Advantages Retirement Plan™ fits into your overall estate planning.