

ESTATE PLANNING: SPRING CLEAN YOUR REGISTERED PLAN BENEFICIARY DESIGNATIONS

The idea of spring cleaning often connotes a daunting task. However, it doesn't have to be an all-consuming effort — even when it comes to your estate planning. Consider starting with a review of your registered plan beneficiary designations.

When was the last time you reviewed the beneficiary designations of your registered plan accounts? We often forget to revisit these designations after opening our registered plan accounts. However, failing to update beneficiary designations can have costly implications for retirement and estate planning. As such, why not consider a quick review?

Here are some steps you can take to spring clean your registered plan beneficiary designations:

- 1. Create a list of all of your financial accounts.** Then identify which accounts permit beneficiary designations, such as Registered Retirement Savings Plans (RRSPs), Registered Retirement Income Funds (RRIFs) and Tax-Free Savings Accounts (TFSAs), as well as any accounts through your employer.
- 2. List the beneficiaries you have named for each account.**
- 3. Determine if the named beneficiary is still current.** It is possible that a named beneficiary is no longer alive, or perhaps a major life event, like divorce, has changed the status of an existing beneficiary. Be sure to revisit beneficiary designations following major life changes.
- 4. Consider whether a beneficiary should even be named.** If no beneficiary is named, assets will form part of your estate. While naming a beneficiary will result in bypassing probate fees,¹ which may be an objective, keep in mind that it may inadvertently result in other issues. For example, if an adult non-dependent child was named as the RRIF beneficiary, the value of the RRIF will be paid directly to them, while the taxes triggered on death must generally be paid by the deceased's estate. This may cause unintended estate equalization issues.
- 5. If a spouse (common-law partner) has been named, determine if there are additional considerations.** If a spouse is named as the beneficiary for a TFSA or RRIF, you have the option to name them as "successor holder" or "successor annuitant,"



respectively. Generally, the successor designation permits the continued operation of the account by the successor holder/ annuitant from the time of death. For the TFSA, any income earned after your death would not be taxed. For the RRIF, there would be no tax consequences to your estate.

Plan Ahead

We are here to discuss and assist with any changes to your beneficiary designations on your registered plan accounts. As you review beneficiary designations, we recommend considering the support of estate planning and legal advisors to help ensure your estate planning objectives will be met.

1. Estate administration taxes; Note: This article does not apply to Quebec residents, as the rules surrounding beneficiary designations noted in this article are not applicable under Quebec law.

Spring: A Time for Fresh Perspectives?

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We continue to welcome new clients and are grateful for any such referrals. In these ever-changing markets, whether it is a fresh opinion on an existing portfolio or advice relating to a new situation, we are here to help.



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