



Canadian MoneySaver magazine has provided Canadians with balanced insight into personal-finance issues since 1981. Through an exclusive arrangement with The Costco Connection, Canadian MoneySaver's experts provide Costco members with answers to their questions about financial issues.

# More money in your pocket

**My will states that the beneficiary of my RRSP has to pay the tax on it (rather than the estate paying the tax on it). If I make a charity the beneficiary of my RRSP, does the charity still have to pay tax or does it go to them tax-free? What happens if I name two beneficiaries, one of them a charity and one of them an individual?**

*S.S., Kingston, ON*

Upon your death, it is your estate that must pay the tax. You can't change that. I think the type of clause you describe in your will doesn't make much sense and could be confusing legally.

If you make a charity the beneficiary of your RRSP, you get close to a 50 per cent tax credit, which would offset the income-tax liability in your estate. The charity would get the entire proceeds and your estate would pay little or no tax. It might even get a refund.

If you name two beneficiaries, nothing changes—your estate still pays the tax. But you would get a donation tax credit on the amount given to charity. If you made the charity a beneficiary of 50 per cent of your estate, an individual a beneficiary of 25 per cent and your estate a beneficiary of 25 per cent, the 25 per cent given to your estate and the charitable-donation tax credit would offset the tax due by your estate on RRSP income.

—Ed Arbuckle, Fee-Based Family Wealth Planners, Waterloo, ON

**I worked for NCR Canada in Waterloo in the early '80s before computerized records were kept. I contributed to the company pension plan, where I contributed 5 per cent and the company matched it. When I left the company after five years, I was told my pension plan was locked in and I was not allowed to convert it to an RRSP. They told me that my retirement fund was vested and I would not be receiving any benefit. What does this mean and how can I contest it?**

*D.F., St. Clements, ON*

My starting point for any question concerning an Ontario pension plan is to look at the excellent Web site provided by the Financial Services Commission of Ontario (FSCO), the body responsible for supervising pension plans in this province. By going to [www.fSCO.ca](http://www.fSCO.ca), clicking on "Pensions" and then on "Pension

Plan Information Access," I was able to ascertain that NCR Canada Ltd. has had a registered pension plan since January 1, 1943, and that its registration number is 0292268. It is a defined-benefit plan, which means that it promises to pay a pension at retirement based on a formula, rather than a defined-contribution plan, which accumulates required employee and employer contributions.

My guess is that when you left the plan in the early 1980s you were not entitled to any refund of employer contributions (in pension jargon, you were not "vested"). However, I would have expected that you should have received a refund of your personal contributions with interest. You can check your files to see if you received anything.

If you are not satisfied with your response from the company, I recommend that you take your query to FSCO, which will investigate on your behalf. Send your request to:

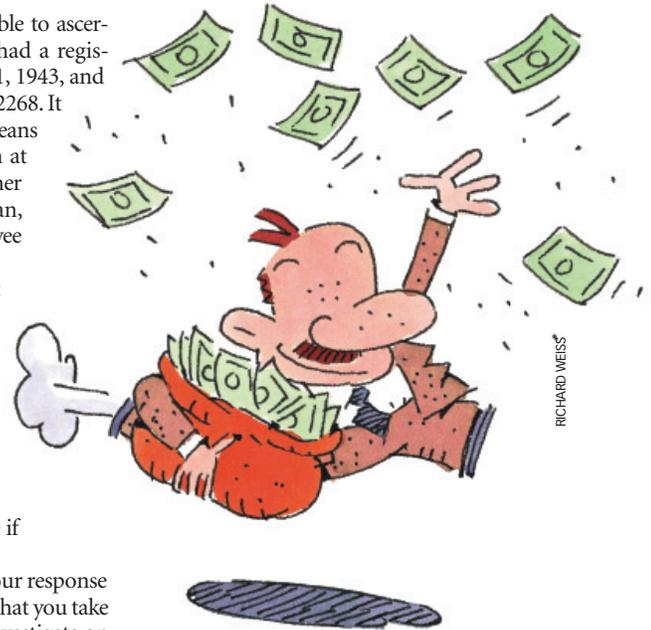
The Financial Services Commission of Ontario  
Pension Division  
5160 Yonge St.  
4th Floor, Box 85  
Toronto, ON M2N 6L9

—Patrick Longhurst, Retirement Advisor,  
Patrick Longhurst Advisory Services Inc.,  
Toronto, ON

**A small water disaster in our home resulted in several boxes containing stock purchase information being discarded. I have statements of holdings with "book value," which may be adequate for capital gains calculations. If they are not, what options do I have?**

*J.S., Red Deer, AB*

In Alberta, the floods of 2005 and 2006 are still fresh in our memories. Your situation is by no means unique. You did not mention how far back these transactions were, but your securities' companies keep records of all purchases and sales within a reasonable amount of time. You may have to pay a fee to retrieve them from the archives, but you will at least have the real source documentation required by the Canadian Revenue Agency for their record-keeping standards. However, if by any



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remote chance they are not obtainable, use the statements. In case of an audit, explain your situation to the auditor with this proof of your circumstances.

—Neel Roberts, Tax Advisor, Personal Tax Consultants Canada, Calgary, AB

## Personal finance questions?

Send to: **Canadian MoneySaver, The Costco Connection Q&A, Box 370, Bath, ON K0H 1G0.** Or e-mail to: [questions@canadianmoneysaver.ca](mailto:questions@canadianmoneysaver.ca) (please include "The Costco Connection Q&A" in the subject line).

Canadian MoneySaver will answer selected questions in this bimonthly column. Unpublished questions may be answered on the Canadian MoneySaver Web site at [www.canadianmoneysaver.ca](http://www.canadianmoneysaver.ca). Click on "Ask the Experts Q&A." Free on-line current issues of Canadian MoneySaver are available at their Web site. The opinions of the experts may not apply to Quebec residents.