Retirement Mistakes: Not Understanding the Most Powerful Investment Ever

There are four ways to use your money; save, spend, invest, and donate. The two most well-known ways to use your money are spending and saving. However, saving and investing are not as commonly understood. Investing and saving are different mechanisms to holding, storing and growing your money. Saving is a short-term action of storing your money alternatively, investing holds your money value while growing or maintaining to further your income. Lastly, we can donate. Donating is one of the greatest money-making secrets in history. Give money, or time away and you will receive in return. Donating is an act that many of the wealthiest people on the planet have done and are still doing. It brings money to anyone who does it. Understand that donating does not always have to be in cash money. This can be a donation of your time, your efforts, or your knowledge to help someone, or a group of people in need. The secret is to give without expecting it to be returned.

Did you know?

On your RRSPs or RRIFs, you can designate more than one person and a charity as your beneficiary. The donation can only qualify for the charitable donation tax credit in one year of death. Furthermore, to the extent it is not claimed in the year of death, the charitable credit can be carried over and claimed in the preceding year.

When an individual designates a charity as a beneficiary under an RRSP or a RRIF, the gift will qualify for the charitable tax credit. The government has allowed an individual to designate a charity as a beneficiary on their RRSP or RRIF. The credit in this circumstance is available in the present year and the year following. The gift must be made out to the charity within thirty-six (36) months of death and the amount of the donation will generally be the fair market value at the time of death. These changes apply to deaths occurring after 1998.

If you are planning your estate and wondering the best way to go about a family beneficiary and a charitable beneficiary, it may be best to leave the non-taxable assets to your family and the taxable assets (RRSPs and RRIFs) to a charity. This may positively impact your estate; however, an individualized appointment with a professional financial advisor should always be considered when planning your estate.

Important note: Any charitable donation should be discussed with your legal and tax representatives, as part of your overall financial estate plan, before you make any decision, since they will have up to date information as tax and legal rules change. Professional advice should always be sought before making any financial or charitable decision.