

RBC Direct Investing Inc.

Guide to completing a Beneficiary Designation Form (excluding RESP and TFSA)

General Questions

1- What is a valid designation?

A designation may be made under the retirement savings plan or retirement income fund (the "Plan/Fund") where permitted by law, or in the Will. A designation made under the Plan/Fund must be in writing and meet the requirements of the Declaration of Trust and applicable provincial or territorial law.

2- Who can be a designated beneficiary on a Plan/Fund?

The various provincial and territorial acts specify that the named beneficiary be a "person". If you choose not to designate a beneficiary for your Plan/Fund, or you designate your estate as the beneficiary, then, upon your death, the Plan/Fund proceeds will be paid to your estate upon receipt of instructions from the Estate Representative and receipt of documentation confirming the appointment of the Estate Representative such as Letters Probate/Letters of Administration or Certification of Appointment of Estate Trustee With/Without a Will.

3- Can I designate a Charitable Organization on my Plan/Fund?

Yes, however, to be a valid designation, the charitable organization must be structured as a corporation as a corporation is considered a "person" in law. A charitable organization structured as a trust is not a "person" in law and therefore such a designation would not be valid. If you would like to designate a charitable organization, please ensure you check with the organization to confirm that the entity is a corporation and not a trust. Please also ensure you correctly identify the legal name of the charity in the designation. To receive a tax receipt for income tax purposes, the charity must be registered with the Canada Revenue Agency at time of payout.

4- What are unacceptable designations?

The following are examples of designations that are not acceptable:

"my spouse," "my children," "my son," "my daughter," "my estate", estate of another individual, corporations, partnerships, trusts, pension plans, non-profit organizations and charities not registered with Canada Revenue Agency and not Incorporated.

5-Can I designate a trust on my Plan/Fund?

A trust cannot be designated as a beneficiary on the Plan/Fund as it does not meet the legal definition of a "person".

6- Can I designate minors as beneficiaries on the Plan/Fund?

Yes, however, if the beneficiary remains a minor at the time of your death, there are a number of factors that will determine the possible next steps for the release of the minor's interest in the Plan/Fund which are dependent, in part, on the province or territory in which the minor beneficiary resides.

For example, RBC Direct Investing may require a legal guardian/trustee of the minor's property be appointed by the court for the payment to be made as a minor and/or their parent(s)/guardian(s) often cannot automatically provide a discharge for the payment.

In some provinces or territories, there are exceptions for the release of funds to parent(s)/guardian(s) with whom the minor resides for certain smaller dollar limits (often ranging between \$2,000 and \$10,000).

Further, in some provinces the Public Trustee/Public Guardian and Trustee's office may receive the funds on behalf of a minor.

Finally, in some cases, the minor's share of the Plan/Fund proceeds can be paid into court until they reach the age of majority at which time they would collect same from the court directly.

As you can see, the release of funds to a minor beneficiary designated on your Plan/Fund can be complicated and therefore it is strongly recommended that you seek legal advice if you wish to designate a minor.

7- Is it mandatory to designate a beneficiary?

No, it is optional. By default, the proceeds will be paid to the Annuitant's estate as per the Declaration of Trust.

8- Do I have to designate a beneficiary on the Plan/Fund?

Beneficiary designation may be made by will or on the Plan/Fund. In Quebec, you can only designate a beneficiary through the Will.

Power of Attorney

9- Does a power of attorney have authority to designate a beneficiary?

No. By law, an attorney (POA) does not have the ability to make a beneficiary designation or other testamentary disposition.

Successor Annuitant

10- What is an election of a successor annuitant?

Only a spouse or common-law partner may be designated as a successor annuitant. Upon receipt of satisfactory evidence of the Annuitant's death and written instructions from the successor annuitant named on the Plan/Fund, the name of the deceased Annuitant is removed and replaced by the surviving spouse or common-law partner's name.

11- How do I designate more beneficiaries on a Plan/Fund than the number available on the Multiple Beneficiary Designation form?

Our multiple designation form allows for 5 beneficiaries, should you wish to designate more than 5 beneficiaries, you must complete page 1 a second time listing additional beneficiaries, change the beneficiary numbers from 1, 2, 3 to 6, 7, 8 etc, and initial each number changed. Date and sign each additional page you attach listing additional beneficiaries. For multiple designation, please ensure the percentages of entitlement add up to 100%.

12- Can I designate multiple beneficiaries with contingent beneficiaries?

This is **not** an available option in our system. Due to the complexity of designating multiple primary beneficiaries with multiple contingent beneficiaries, it is recommended that you seek legal advice.

13- What is a contingent beneficiary designation?

A contingent beneficiary designation enables an Annuitant to make one primary and secondary beneficiary designation. The secondary beneficiary designation would only come into effect if the primary beneficiary predeceases the Annuitant.

14- What happens in the event that one of the multiple beneficiaries should predecease the annuitant?

The "Multiple Beneficiary Designation Form" contains provisions that the share of a deceased beneficiary will be paid in equal portions to the surviving beneficiary(ies). In the event that none of the beneficiaries survive the annuitant, the proceeds of the Plan/Fund will be paid to the Annuitant's estate.

15- Am I allowed to alter the form in any way?

No. Any change in the wording or alteration on the form, or additional writing in the white space will make the designation invalid. If a mistake is made, you may correct and initial the correction or start with a new form. If you are designating more beneficiaries than the Multiple Designation form allow (5), you may change the numbers and initial each change.

16- Ensure the form is dated, signed and Province of Execution is completed as this will cause delays in adding your beneficiary(ies) to your Plan/Fund. If you have any questions regarding the designation form, or not sure which form should be used, please call us at 1-800-769-2560 or 416-977-1255. We'll be happy to help.

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