

The trust options at RBC Dominion Securities

As indicated below, there are three living trust options that you can consider at RBC Dominion Securities to achieve family income splitting. All three options have “off-the-shelf” trust deeds that our legal counsel has prepared. **These trust deeds cannot be amended or customized.**

Before establishing a trust using one of the three RBC DS trust options you must consult with your own tax and legal advisors for advice to discuss the appropriateness of the trust based on your own goals and circumstances.

The three trust options offered at RBC DS are:

1. **RBC DS Formal Trust**
2. **RBC DS Family Trust** – discretionary (immediate family beneficiaries or extended family beneficiaries)
3. **RBC DS Family Trust** – age 40

The key differences between these three trust options are indicated in the following table:

	RBC DS Formal Trust	RBC DS Family Trust – discretionary	RBC DS Family Trust – age 40
Type of beneficiaries	Anyone	1) Immediate Family Trust – spouse, children and grandchildren 2) Extended Family Trust – spouse, children, grandchildren, parents, sibling nieces and nephews	Anyone
U.S. persons	Yes(*)	No	No
Number of trustees	1 or 2	1 or 3	1 or 3
Maximum number of beneficiaries per trust	Six	No Maximum	One
Administration	Minimal	Greater – launch as turn key to minimize	Greater – launch as turn key to minimize
Minimum initial contribution	None	\$50,000	\$50,000
Contributions	Irrevocable gifts	Irrevocable gift or demand loan – interest-free or at CRA prescribed rate	Irrevocable gift or demand loan – interest-free or at CRA prescribed rate
Contributor’s access to capital	None – capital must be used for beneficiary’s benefit	If contributor loans money to trust, then full access to loan capital	If contributor loans money to trust, then full access to loan capital
Beneficiary’s access to investment earnings payable to them	Immediate	Immediate	If earned prior to age 21, then as late as age 40; if earned after age 21, then immediate
Attribution of income earned in the Trust to contributor if child/grandchild is beneficiary(**)	Interest and dividends if beneficiary is a minor; no attribution on capital gains	Interest and dividends if funded by interest-free loan regardless of age; no attribution on capital gains; no attribution on interest or dividends if funded by CRA prescribed rate loan	Interest and dividends if funded by interest-free loan regardless of age; no attribution on capital gains; no attribution on interest or dividends if funded by CRA prescribed rate loan
Annual RBC DS administration fee	None	\$150 (if using Royal Trust for T3 tax return preparation); \$250 (if not using Royal Trust for T3 tax return preparation)	\$150 (if using Royal Trust for T3 tax return preparation); \$250 (if not using Royal Trust for T3 tax return preparation)
Annual trust tax return fee if using Royal Trust	(***)	\$475 (\$575 in Quebec)	\$475 (\$575 in Quebec)

(*) Please consult with a qualified U.S. tax advisor on the U.S. tax issues of being a party on the RBC DS Formal Trust.

(**) Assumes the trust has been structured so that capital gains are not attributed to the contributor.

(***) Please consult with your tax advisor on the requirement to prepare a T3 trust tax return under the RBC DS Formal Trust.

The primary difference between the RBC DS Formal Trust and the RBC DS Family Trusts is the fact that the RBC DS Family Trust allows for the parent to loan monies to the trust with or without interest in addition to gifting monies to the trust. Monies contributed to the RBC DS Formal Trust can only be made as irrevocable gifts and cannot be loaned.

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