



# JGBRS Overview

Here is a quick overview of the JGBRS



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## What is it?

A “JGBRS Account” is a “joint – gift of beneficial right of survivorship account”. Like other joint accounts, it has multiple accountholders. What is different about the JGBRS Account (the Account) is that one accountholder (Accountholder) retains legal and beneficial ownership of the Account and all its assets, while gifting only the beneficial entitlement to the right of survivorship of the Account to one or more additional accountholders (Successor Accountholder). Legal and beneficial ownership in the Account and the assets held in the Account will transfer to the Successor Accountholders only upon the death of the Accountholder. The Accountholder can deal freely with the assets in the Account, including withdrawing them all and leaving the Account empty, as the Successor Accountholder(s) has/have no current interest in the assets.

## Benefits:

- **Retention of Control:** Since the ownership of the Account and assets remains with the Accountholder, only the Accountholder is entitled to give instructions with respect to the Account, trade on the Account or make withdrawals. The Accountholder is able to retain control of the Account and assets in it during his/her lifetime, in contrast with other types of joint account.
- **Tax Treatment:** Since the ownership of the Account and assets remains with the Accountholder, there is no taxable disposition on the opening of the Account.

## Limitations:

- Minors cannot be Accountholders or Successor Accountholders.
- JGBRS Accounts are not available for Quebec resident Accountholders, or Successor Accountholders.
- JGBRS Accounts may only be opened by Canadian Residents.
- There may only be one Accountholder (although there may be multiple Successor Accountholders).
- JGBRS Accounts cannot be opened by an attorney pursuant to a POA for an incapable client.
- JGBRS Accounts must be new accounts. Existing accounts cannot be “converted” to JGBRS.

**Things to consider:**

- The Account holder cannot remove a Successor Account holder from the Account, or add new Successor Account holders after the Account has been opened. Although a Successor Account holder has no ownership of the Account or its assets during the Account holder's lifetime, when an Account is opened, the survivorship of the Account is gifted to the Successor Account holder(s). That gift cannot be revoked in law which means that the gift remains with the Successor Account holder(s) and cannot be withdrawn. The Account holder cannot, in effect, take back the gift and give it to someone else. For this reason, if an Account holder changes his/her mind about the inclusion of a Successor Account holder, the only recourse is to withdraw all assets and open a new account.
- Use of a joint account may leave insufficient assets in the estate to pay taxes owing at the account holder's death. In these circumstances the executor of the estate will be faced with a liquidity issue and a potentially bankrupt estate.
- On death of the Account holder, the surviving Successor Account holders may only receive the assets in the Account in equal shares. There is no ability to specify the percentage share received by each surviving Successor Account holder, which would limit the Account holder's ability to gift assets in differing proportions.
- The JGBRS account only benefits Successor Account holders that are living at the time of the Account holder's death, leaving no entitlement to the heirs of a Successor Account holder who predeceases the Account holder. The assets in the JGBRS account will pass to the Successor Account holder(s) alive at the time of the Account holder's death in equal shares. Where the successor account holder predeceases the account holder, the account holder could change the distribution by withdrawing the assets of the account, closing the account and opening a new JGBRS account with newly named successor account holders. Note that changes to an account will not be possible where the account holder is deemed to no longer have mental capacity. Moreover, an attorney appointed pursuant to an enduring power of attorney is not permitted to make changes to a joint account.
- **Probate fees:** Although RBC Dominion Securities (PH&N Investment Counsel) does not require probate to allow the assets to pass to the Successor Account holder(s), these assets may need to be included in an application for probate should the executor of the deceased Account holder apply for probate or should a third party make a claim to the assets in the account. It is important that you discuss this matter with a qualified legal advisor before opening a JGBRS account.

**Please contact us for assistance with your JGBRS.**