

## Appendix – Comparing the joint account options at RBC Dominion Securities

Below you will find a summary of the three types of joint ownership accounts available at RBC Dominion Securities. The chart highlights some of the attributes of the different types of joint ownership accounts and may assist your legal advisor in guiding you in determining which account, if any, may be suitable in meeting your estate planning objectives.

|   | Tenants In Common  | Joint Tenants with Right of Survivorship (JTWROS)   | Joint Gift of Beneficial Right of Survivorship (JGBRS)   |
|---|--|---|--|
| <b>Who can be accountholder?</b>                            | Canadian residents who have reached or are over the age of majority in their province or territory of residence.<br>Non-residents of Canada are generally not permitted to be accountholders.  | Canadian residents (other than residents of Quebec) who have reached or are over the age of majority in their province or territory of residence.<br>Non-residents of Canada are generally not permitted to be accountholders.              | Canadian residents (other than residents of Quebec) who have reached or are over the age of majority in their province or territory of residence.<br>Non-residents of Canada are generally not permitted to be accountholders or successor accountholders.   |
| <b>Number of accountholders</b>                             | Multiple   | Multiple  | Only one person can be the accountholder. There can be multiple successor accountholders.  |
| <b>Ownership of the account</b>                             | Each accountholder has legal and beneficial ownership of their proportionate share of the account. Each accountholder can hold equal or unequal entitlements in the account. <sup>1</sup>  | Each accountholder has legal and beneficial ownership of the account and the assets therein in equal shares.  | Only the accountholder has legal and beneficial ownership of the account and the assets therein during his/her lifetime. Upon account opening the successor accountholder(s) receives only the beneficial entitlement to the right of survivorship in the account and not to the account or its assets. A successor accountholder only receives legal and beneficial ownership of the account and its assets on death of accountholder.  |
| <b>Tax treatment at time of opening account</b>             | At RBC Dominion Securities, transfers from sole ownership account to tenants in common are reported on Summary of Security Dispositions at fair market value for 100% of assets transferred in. Exception if opening account with spouse. <sup>2</sup> | At RBC Dominion Securities, transfers from sole ownership account to JTWROS are reported on Summary of Security Dispositions at fair market value for 100% of assets transferred in. Exception if opening account with spouse. <sup>2</sup> | No taxable disposition at time of opening the account.   |
| <b>Tax treatment of income earned in the account</b>        | Subject to the attribution rules, each accountholder reports income earned in the account in proportion to their interest in the account.  | Subject to the attribution rules, each accountholder reports an equal share of the income earned in the account.  | Only the primary accountholder reports the income earned in the account.   |
| <b>Instructions on account</b>                              | Any accountholder can provide instructions on the account, trade on the account or make withdrawals without notifying the other accountholders.<br>Potential loss of control of assets in account.   | Any accountholder can provide instructions on the account, trade on the account or make withdrawals without notifying the other accountholders.<br>Potential loss of control of assets in account.  | Only the accountholder can provide instructions on account, trade on account or make withdrawals.<br>The account holder retains control of the account and its assets – successor accountholder(s) does not have any right to receive information about the account, give instructions in respect of the account or otherwise deal with the account during the accountholder's lifetime. Only where the accountholder has expressly directed may the successor accountholder have additional roles, such as Trading Authority, Interested Party, or Power of Attorney. |
| <b>Tax treatment on death of accountholders<sup>3</sup></b> | Deemed disposition of accountholder's share of the account at fair market value (unless assets pass to a spouse).  | The amount of deemed disposition to report on the deceased's terminal tax return at death depends on how transfer-in of assets was reported at account opening and who has beneficial ownership of the account for tax purposes.            | Deemed disposition of 100% of the account at fair market value (unless assets pass to a spouse).   |

|  | Tenants In Common   | Joint Tenants with Right of Survivorship (JTWROS)   | Joint Gift of Beneficial Right of Survivorship (JGBRS)   |
|--|---|---|--|
| <b>Who is responsible for paying the taxes owing as a result of the deceased accountholder's death?</b>    | The deceased accountholder's estate.  | The deceased accountholder's estate.  | The deceased accountholder's estate.   |
| <b>Division of account on death of accountholder</b>   | Deceased accountholder's share of the account passes through their estate and is distributed as per their Will. If no Will exists, provincial or territorial intestacy laws will apply to the deceased's share.                               | Deceased accountholder's share passes directly to the surviving joint accountholder(s) in equal shares. <sup>4,5</sup>  | Deceased accountholder's share passes directly to successor accountholder(s) in equal shares – if more than one successor accountholder, the subsequent account will be held as tenants in common, unless joint written instructions are received from the successor accountholders to convert the account to JTWROS. <sup>4,5</sup> |
| <b>Does RBC Dominion Securities require account to be probated on death of account holder?<sup>6</sup></b> | Yes. Each accountholder's share of the account passes through his/her estate on death and is distributed as per his/her Will. If no Will exists, provincial or territorial intestacy laws will apply to the deceased's share.                 | Generally no. RBC Dominion Securities' policy is to treat the JTWROS as a joint tenancy. On the death of one of the accountholders, the deceased's name is removed from the account so that the assets are held by the surviving joint tenant(s).<br><br>RBC Dominion Securities will not accept any side agreements that purport to deal with the distribution of the JTWROS account assets in a manner other than to the surviving joint tenant(s). | No. On death of the accountholder, the deceased's name is removed from the account so that the assets are held by the successor accountholder(s) in equal shares as tenants in common. The account does not form part of the deceased's estate.  |
| <b>Potential exposure to creditors of accountholder/successor accountholder(s)?</b>                        | Reduced risk that accountholder's share of account be exposed to creditors or marital disputes of other accountholder(s). It is important the accountholders obtain professional advice from a qualified legal advisor regarding this matter. | Potential risk that whole account may be exposed to creditors or marital disputes of any one of the joint tenants.<br><br>It is important the accountholders obtain professional advice from a qualified legal advisor regarding this matter.   | While the account continues to be a JGBRS, potentially reduced risk that account will be exposed to creditors or marital disputes of successor accountholder(s).<br><br>It is important the accountholder and successor accountholder(s) obtain professional advice from a qualified legal advisor regarding this matter.            |
| <b>Can a Power of Attorney (POA) open this account?</b>  | No, unless expressly permitted to do so in the POA.   | No, unless expressly permitted to do so in the POA.   | No, unless expressly permitted to do so in the POA.  |

- 1) Pursuant to the RBC Dominion Securities client account agreements, each accountholder's entitlement in the account is deemed to be equal unless prior to the accountholder's death, written instructions are provided setting out the proportionate entitlements of all accountholders.
- 2) At RBC Dominion Securities, all transfers from sole name accounts to tenants in common accounts or JTWROS accounts are done at fair market value, triggering a 100% disposition that is reported to you on the Summary of Security Dispositions. It is important that you seek advice from a qualified tax advisor on how to report this transaction. For example, when transferring assets into a JTWROS account with only one other person, the Canada Revenue Agency takes the position that the original owner of the assets has disposed of one-half of his/her interest in the assets for proceeds equal to 50% of the fair market value of the property. The amount, if any, of disposition to report on the transferee's tax return at the time of account opening depends on whether there was a change in beneficial ownership.
- 3) No T5008 reporting is required in respect of deemed disposition and no slip will be issued by RBC Dominion Securities to the deceased accountholder. It is up to the deceased accountholder's executor/liquidator, with the assistance of a qualified tax advisor, to report this event properly on the deceased accountholder's terminal tax return. The deceased accountholder's estate is liable to pay the taxes owing as a result of the deemed disposition triggered on death.
- 4) There is no ability to specify the percentage of share that the surviving accountholder/successor accountholder will receive.
- 5) Both JTWROS and JGBRS accounts only benefit accountholders/successor accountholders that are living at the time of an accountholder's death, leaving no entitlement to the account or its assets to the heirs of an accountholder or successor accountholder who died before the deceased accountholder. The assets in the JTWROS and JGBRS account will pass to the accountholder(s)/successor accountholder(s) alive at the date of death of the accountholder in equal shares. There is no ability to name contingent beneficiaries in the event an accountholder/successor accountholder predeceases an accountholder. This may be avoided by leaving the assets in sole name and having the assets pass through the accountholder's estate and distributed in accordance with his/her Will.
- 6) Although RBC Dominion Securities may not require probate to allow the assets to pass to the surviving accountholders, these assets may need to be included in an application for probate should the executor of the deceased accountholder apply for probate or should a third party make a claim on the assets in the account. This matter should be discussed with a qualified legal advisor.