

# Donating a New Life Insurance Policy

## Case Study

Ted and Susan would like to support a number of charitable interests and ultimately make significant gifts. At the present time, they do not have sufficient investment capital to achieve their donation goals. They do, however, generate ample cash flow and would be prepared to establish a longer term gifting program through the use of life insurance.

Through the use of a life insurance product, Ted and Susan (Ages 45 and 43, respectively) will be able to make significant future gifts in an economically efficient manner. They will enjoy current income tax benefits from annual donation receipts that will be received for each life insurance premium paid. Ultimately, for a net after-tax investment of \$22,776 over five years, Ted and Susan have established a \$500,000 future gift.

## Financial Summary

<b>Life Insurance Policy – Value</b>	<b>\$500,000</b>
Premium Payment (5 year plan)	\$ 8,500 / yr / 5 yrs
Total 5 year commitment	\$ 42,500
Actual cost with tax credit* *(46.41% tax rate)	\$ 22,776 (\$42,500 less tax credit of \$19,724)
<b>Future Gift to Canada Gives (directed to donors' Account)</b>	<b>\$500,000</b>

## The Basics

- Designate Canada Gives as the owner and beneficiary of a new life insurance policy, with all funds directed to the donors' Family Foundation account.
- Provide the annual funds required to make annual premium payments for the policy.
- Receive an annual tax receipt equal to the amount of payments made each year.
- Your Foundation account at Canada Gives will receive the policy death benefit at a future date and continue to support the charities that are important to you.

## About Canada Gives

Canada Gives is an independent public foundation designed to work with donors who are interested in setting their own philanthropic objectives and bringing their own priorities to their charitable giving.

We are committed to the charitable sector and to the major donors who support it. We encourage you to develop a "total giving strategy" which combines short-term funding for immediate needs (one-time gifts) together with long-term support generated by the annual grants from an endowment gift.

A Canada Gives Account enables donors to simplify, consolidate and focus their giving.

**To arrange your consultation contact,  
Denise Castonguay, Executive Director:**

**T: 416-644-1573 E: [info@canadagives.ca](mailto:info@canadagives.ca)**

**[www.canadagives.ca](http://www.canadagives.ca)**

Charitable Registration #83306 2144 RR0001