

Naming Canada Gives as Life Policy Beneficiary

Case Study

Sally, age 71, has been a major supporter of several charitable initiatives over the years. A few years ago, Sally had arranged a \$750,000 permanent life insurance policy for estate planning purposes. She anticipates that there will be approximately \$280,000 of income taxes payable on her estate on her future passing.

In order to accomplish her goals of supporting her charitable interests and minimizing her future income tax liability, Sally designates Canada Gives as the beneficiary of her life insurance policy and directs the gift to her Family Foundation account. In the future, Canada Gives will receive \$750,000 and Sally's estate will receive a tax receipt in the amount of \$750,000. The value of the tax credit, \$348,075, eliminates the income tax that would have otherwise been payable by Sally's estate and the excess credit can be applied to her previous year tax return.

Financial Summary

Pre Gift: Estate of Sally – Future Tax Bill	\$ 280,000
Future Gift to Canada Gives	\$ 750,000
Tax Credit Received by Estate (46.41% tax rate)	\$ 348,075*
Tax Credits Used to Eliminate Tax in Estate	\$ 280,000 of \$ 348,075 Tax Credit
Tax Credits Applied to Previous Year*	\$ 68,075 of \$ 348,075 Tax Credit

*Based on Ontario tax rate of 46.41%

The Basics

- Designate Canada Gives as the beneficiary of a life insurance policy and direct the funds to your Personal or Family Foundation account.
- Your estate will receive an income tax receipt equal to the total life insurance proceeds that have been paid to Canada Gives.
- Estate values will be preserved as a result of the application of the donation tax credit created at the time of the gift, and any excess credit may be available for application to the previous tax filing.
- Your Foundation at Canada Gives will continue to support the charities that are important to you and leave a legacy of goodwill for you and your family

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

**T: 416-644-1573 E: info@canadagives.ca
www.canadagives.ca**

Canada Gives is a registered charity and operates as an independent public foundation.

Charitable Registration #83306 2144 RR0001