

# Gifts With Life Insurance

Life insurance can be an excellent planned giving tool if you wish to influence the world for Christ by making a substantial gift to benefit Christian schools. By making moderate, tax-deductible deposits over time, you can arrange a significant gift as part of your legacy.

New or existing life insurance policies may be donated, and there are a few different ways life insurance can be incorporated into your plan. Typically, some form of permanent insurance is used to fund charitable gifts. The following information provides a general overview of some basic methods.

## Features of a Gift of Life Insurance to Charity

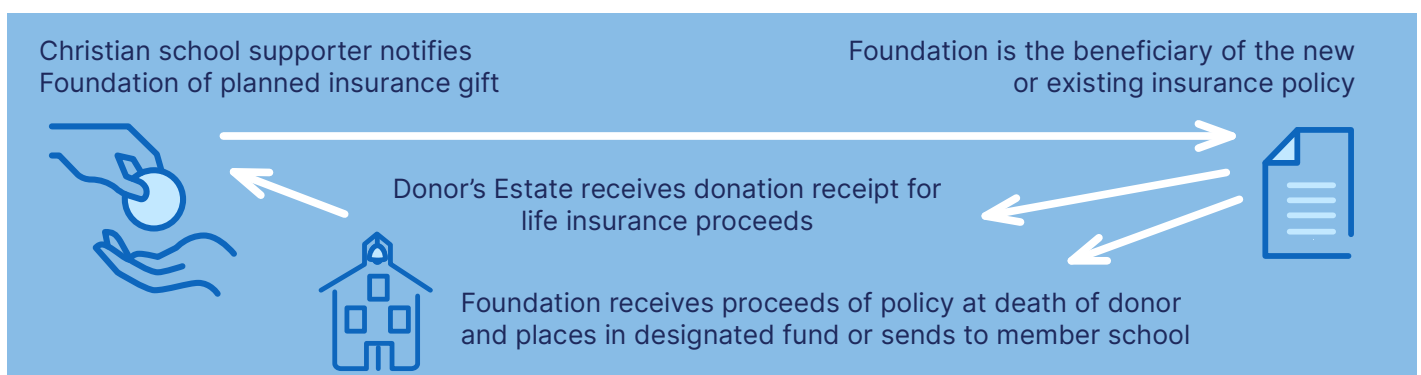
- + Easy to set up and manage
- + Irrevocable gift if the Foundation is named as owner and beneficiary
- + A donation receipt for cash value and for future premiums paid – or –
- + A donation receipt for your estate if the Foundation is the beneficiary only
- + Gift not subject to probate if the death benefit is paid directly to the Foundation

Below are examples explaining two methods of donating using your life insurance policy.

## Benefit to your Estate

You may retain ownership of the life insurance policy and name the Christian School Foundation as beneficiary of a new or existing policy. This gift is revocable, and can be changed. There are no immediate tax receipts for the cash value nor for the annual premiums paid. On your death, the Foundation receives the policy's death benefit and issues a donation receipt to your estate. The resulting donation receipt can offset taxes owed in the year of death. Because the gift passes outside of the estate, no probate fees are incurred on this gift amount.

You might choose to structure a life insurance gift in this manner if you face a significant tax liability in your estate due to RRSP/RRIF or capital gains income.



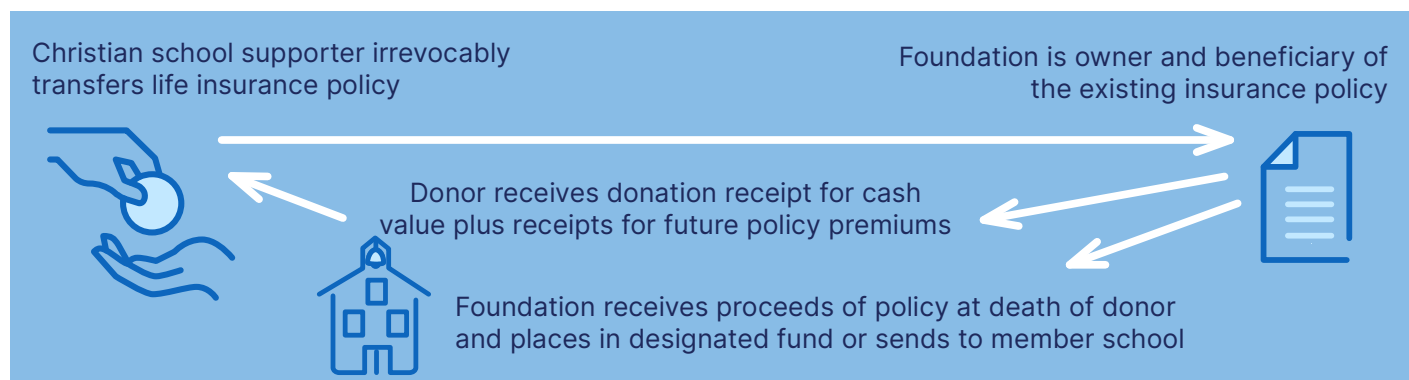
**Example:** Mrs. Jones is a very generous Christian school supporter. She purchases a new \$100,000 life insurance policy and names the Foundation as the beneficiary but retains ownership of the policy. Mrs. Jones will incur a large amount of capital gains income from her investments when she dies. Upon her death, the Foundation receives the \$100,000 death benefit and places it in the local Christian school long-term fund, in accordance with Mrs. Jones' wishes. The Foundation issues a donation receipt to be used by the estate to offset the taxes owing on her investment income in the year of death, as well as in the year prior in many cases.

## Receive an Immediate and Regular Tax Receipt

You may name the Christian School Foundation as both the owner and beneficiary of a new or existing life insurance policy. This gift is irrevocable, and cannot be changed, resulting in a donation receipt for the cash value built up in an existing policy by the date of its ownership transfer, as well as donation receipts for any future premiums paid.

You might choose this method if you have higher annual income and can benefit from the immediate and annual donation receipts each year while you are alive.

**Example:** Mr. Smith is a very generous Christian school supporter. He wishes to leave the majority of his assets to his children but still wants his support of the Christian schools to continue after his death. He purchases a new \$100,000 life insurance policy and names the Foundation as both the owner and beneficiary of the policy. He will receive a charitable donation receipt for all the premiums he will pay. Upon his death, the Foundation receives the \$100,000 to establish a fund for a special purpose or to replace the annual donation stream from Mr. Smith.



## The Christian School Foundation Makes This Easy for You

When you inquire about donating a life insurance policy, the Foundation will discuss this with you and provide a Gift Direction Form to ensure the funds will be properly designated and used according to your wishes.

Since there are many possibilities surrounding gifts of life insurance – all with varying tax implications – you are encouraged to seek professional advice before proceeding.

We can assist you in arranging for your generous donation.  
Please contact Kevin teBrake at the Christian School Foundation  
[ktebrake@christianschoolfoundation.ca](mailto:ktebrake@christianschoolfoundation.ca).