



London Health Sciences Foundation

DONATION STRATEGIES IN THE NEW ECONOMY

www.lhsf.ca/insurance

Making a difference with life insurance



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Welcome to part three of our six-part series outlining a range of creative strategies that can help you fulfill your philanthropic goals and support your community in the new economy.

Life insurance is a popular choice for a charitable donation, allowing donors to make a sizeable gift with a modest cash outlay. By naming a registered charity as beneficiary of a life insurance policy, proceeds are paid directly to that charity, bypassing the estate and escaping probate tax while maintaining confidentiality. Alternatively, the donor can name their estate as beneficiary of the policy and have their Will subsequently direct the proceeds to a registered charity. These proceeds would form part of the estate, potentially attracting probate taxes. In either case, a tax receipt is issued by the charity at death, helping to alleviate tax owing on the deceased's final tax return.

A less familiar strategy is for a donor to gift a new policy or transfer ownership of an existing policy (ideally a permanent life insurance solution) during their lifetime to a charity. The charity, as owner, names themselves as beneficiary.

Future premiums paid by the donor will generate a tax receipt from the charity. Tax rules may provide for additional tax credits on the transfer of ownership of an existing policy for an amount up to its fair market value. Donors must be mindful that taxes may be payable on the difference between the policy's cash surrender value and its adjusted cost base at the time of transfer.

Donors should select their donation method based on when they need the most tax relief. The first two strategies will generate tax relief after death while the third provides assistance during life. When selecting an insurance donation strategy, ensure you advise the charity and your executor, so a timely claim can be made.

Before making any financial decision or commitment, always consult an independent financial advisor.

Please visit www.lhsf.ca/insurance or contact Colleen DeJager at 519.685.8416 or colleen.dejager@lhsf.on.ca to learn more about supporting local healthcare through a gift of insurance.

Donations to London Health Sciences Foundation fund innovative equipment, research, education and enhanced patient care – they are not used for the day-to-day operational costs of our Hospital, like administrative salaries or supplies. Simply put, donor dollars make our Hospital great.

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