

Gifts of Life Insurance – Future Dollars...only Pennies a Day

Providing security for a growing family and support in times of unforeseen need are the reasons why most thoughtful people buy life insurance. But life insurance can also be used as a creative financial tool to fund a gift cost-effectively. You can help ensure a brighter future for individuals and families in our community...with a gift funded by life insurance.

There are several ways you can use life insurance to make your gift to St. Joseph's Foundation of Thunder Bay (SJFTB). You can contribute an existing policy that you already own but no longer need, you can purchase a new one to fund your gift, or you can simply name us as a policy beneficiary while retaining the ownership rights during your lifetime. In each case, your decision will strengthen the St. Joseph's Care Group over time and can ultimately benefit your heirs as well.

A Gift of Future Proceeds

Example:

Many years ago, Reggie took out a \$50,000 life insurance policy, naming his wife as beneficiary to provide security for their young family. Today, he is a widower and has other assets to leave to his children, so he has decided to have the proceeds payable at death become his gift to the Foundation, in memory of his wife.

Reggie can do this simply by designating us as the replacement beneficiary on the insurance policy. He is very pleased to know his gift will make a meaningful difference after he is gone.

Following his death, his estate will be entitled to a donation receipt for the \$50,000 gift, yielding a meaningful tax credit to be applied against income reported on his final tax return. (If the donation receipt exceeds 100% of his income in that year, any remaining portion could be carried back to the previous year's return, and the 100% limitation would also apply against that year's income). In this way, a gift to SJFTB can actually help increase the total value of his other assets that will pass to his heirs through the will.

For more information about gifts funded with life insurance, and other ways to invest in our future, please contact:

Gail Brescia

Executive Director

St. Joseph's Foundation of Thunder Bay

63 Carrie Street

Thunder Bay, Ontario P7A 4J2

P 807 768 4402

M 807 627 9068

Charitable Registration #119183267 RR0001

Give the Policy Itself

Example:

Now in her eighties, Marina finished paying premiums on a \$25,000 policy some years ago and had almost forgotten about it when she began thinking about a gift to the Foundation. Since she cannot afford to give up an income-producing asset at this time, she thinks the insurance policy would make an ideal gift.

In addition to naming us as beneficiary, she also transfers ownership of the policy to SJFTB. By doing this, her gift is made **irrevocable**, resulting in an immediate donation receipt for the policy's 'fair market value' (FMV), which translates into a very welcome tax credit on this year's income tax return.

If the value of her donation exceeds 75% of her income for the year, she can carry the excess forward up to five years. (**Note:** Marina's policy was "paid up", but she could also have made the gift if premiums were still owing. By giving the policy to the Foundation outright, she would still receive a donation receipt for its current value, and if she continued to pay the premiums, she would receive donation receipts for those contributions too!).

Give a New Policy

Example:

James, age 55, has some discretionary income but cannot afford to contribute any of his capital. He purchases a new life insurance policy with a face value of \$100,000, names the Foundation as its owner, and contributes \$5,600 annually to cover premiums for just ten years, receiving a donation receipt for each premium paid. His tax credit is worth \$2,576 (46% of \$5,600), so the out-of-pocket cost to assure a legacy gift of \$100,000 might only be \$3,024 per year (less than \$10 per day!)

Life Insurance – it can help you fund a truly generous gift tomorrow while realizing attractive tax benefits at an affordable cost today!

This information does not constitute legal or financial advice and should not be relied upon as a substitute for appropriate counsel. We recommend that you seek professional legal, estate planning, and/or financial advice before deciding on a course of action.



ST. JOSEPH'S FOUNDATION
OF THUNDER BAY