

# CARING FOR TOMORROW

## LIFE INSURANCE



Life insurance can be an excellent giving tool for a donor who wishes to make a substantial gift to The Meaford Hospital Foundation. Moderate, tax deductible deposits are leveraged over time for a large gift at the time of death. New or existing life insurance policies may be donated. Usually, some variety of permanent life insurance is used to fund gifts of this type.

### FEATURES OF CHARITABLE LIFE INSURANCE

- Simple to set up and manage
- Irrevocable gift if the Foundation is owner and beneficiary
- Tax credits for future premiums paid and Fair Market Value - OR - for donor's estate
- Gift not subject to probate fees



## OPTION 1: RECEIVE AN IMMEDIATE/REGULAR RECEIPT:

When the Foundation is named as both the owner and beneficiary of a new or existing life insurance policy, an irrevocable gift is made – resulting in charitable tax receipts for any future premiums paid and/or for the fair market value of an existing policy for the donor. The Foundation receives the policy proceeds upon the death of the donor. This strategy might be used if the donor can benefit from annual charitable receipts.

***Example:** Mr. Blake wishes to leave all his assets to his children but still wants his support of the Foundation to continue after his death. He purchases a new \$100,000 life insurance policy and names the Foundation as both the owner and beneficiary. He receives charitable receipts for all the premiums he will pay. Upon Mr. Blake's death, the Foundation receives the \$100,000 to establish an Endowment in support of Cancer Services.*

## OPTION 2: BENEFIT YOUR ESTATE

When a donor names the Foundation as beneficiary of a new or existing policy but retains ownership of it, the gift is revocable – so no immediate tax receipts are issued. Instead, on the death of the donor, the Foundation receives the proceeds from the policy and issues a receipt to the donor's estate. The resulting tax credits offset taxable income in the year of death. Because the gift passes outside of the estate, additional savings in probate fees are enjoyed as well! A life insurance gift might be structured in this manner if the donor faces high tax liability in their estate, due to RRIF/RRSP or capital gains income.

***Example:** Mrs. Clark purchases a new \$100,000 life insurance policy and names the Foundation as the beneficiary of the policy, but retains ownership of it. Mrs. Clark has modest annual income but will incur a large amount of capital gains income from several investments when she dies. Upon Mrs. Clark's death, the Foundation receives the \$100,000 to purchase medical equipment and issues a tax receipt to the estate to offset income in the year of death.*

## ABOUT MEAFORD HOSPITAL FOUNDATION:

The Meaford Hospital Foundation was established to raise, receive and manage money for the purpose of purchasing capital equipment and building improvements at Meaford Hospital and Owen Sound Regional Hospital. This role is critical to our hospitals' viability since the government provides almost no funding for equipment. The Foundation contributes between \$300,000 and \$400,000 per year for medical equipment. It is governed by an elected Board of Directors, all of whom are community volunteers.

### PLEASE CONTACT:

Rob Peacock, CEO  
519-538-1311 x4208 or 226-379-8097  
rpeacock@gbhs.on.ca

Willard VanderPloeg, Charitable Giving Advisor  
519-376-2121 ext. 2736 or 519-270-9177  
wvanderploeg@gbhs.on.ca

**The Meaford Hospital Foundation**  
229 Nelson Street West, Meaford ON, N4L 1A3  
www.mhfoundation.ca



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*This information provides a brief overview on planning a gift to The Meaford Hospital Foundation. It is general in nature and subject to change according to individual circumstances. You should always consult your own professional advisors for detailed information tailored to your own circumstances and to confirm applicable tax benefits.*