

# CARING FOR TOMORROW

# LIFE INSURANCE GIFTS



Life insurance can be an excellent giving tool for someone who wishes to make a substantial gift to Brightshores 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. Policies are available with premiums fully paid up over 1, 5 or 10 years, which work well to donate.

## 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 future premiums paid and for the fair market value of an existing policy. 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 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 purchase equipment needed in the Emergency Department.*



## 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 passes. 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 tax in the year of death.*

## ABOUT BRIGHTSHORES MEAFORD HOSPITAL FOUNDATION:

Vision: Advancing healthcare close to home.

Mission: Building healthier communities by supporting Brightshores Health System.

We enhance the delivery of high-quality healthcare by raising funds for such things as diagnostic and medical equipment, infrastructure improvements and clinical staff training at Brightshores Health System Meaford Hospital. Furthermore, we adopt a regional approach through our relationships with Brightshores and sister foundations that serve the broader population of Grey and Bruce Counties.

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*This fact sheet provides a brief overview on planning a gift to Brightshores Meaford Hospital Foundation. It is general in nature and subject to change according to individual circumstances. Consult your professional advisors for information tailored to your particular circumstances and to confirm applicable tax benefits.*