

DONATING LIFE INSURANCE



Gifting Ownership of a Life Insurance Policy

Gifting a life insurance policy can be an excellent way to provide a sizeable last gift to **cbm**. Once your policy is registered in the name of “**Christian Blind Mission International**” (**cbm**’s legal name), any premiums paid are eligible for a charitable donation receipt. Regular premiums paid in this way can provide a large gift at death, while providing charitable receipts every year.

You can purchase a new policy for the purpose of making a final gift to **cbm**. If a new policy is set up correctly, with the title to the insurance contract being subsequently registered in the name of **cbm**, the premium payments made after the transfer are totally eligible for income tax receipts and subsequent tax savings.

If you have an old policy in force, a policy change by CRA has made donations of life insurance even more attractive.

At the time of the transfer, you may possibly be eligible for a sizeable charitable receipt. The charitable receipt’s value will be determined with the assistance of an independent professional valuator or actuary. The value of the receipt takes into account the fair market value of the policy at the time of the transfer less the amount of the advantage received, if any.

Factors to consider in determining fair market value include cash surrender value; policy’s loan value; face value; state of health of the insured and his/her life expectancy; conversion privileges; other policy terms such as term riders, double indemnity provisions; and replacement value.

The donation of the policy may be a taxable event to you based on the difference between the adjusted cost base and cash surrender value. Your own professional tax advisor would provide you advice on any tax implications. (For determining the proceeds of disposition of the policy, the “value” of the policy is its cash surrender value, not its fair market value.)

If there are still premiums payable, you will receive charitable receipts for the premiums paid after the transfer.

With split-receipting rules, there is an opportunity for shared ownership of a Universal Life policy where you donate the policy death benefit and premiums but retain ownership of the policy Fund Value (the investment account). You can shelter policy investments where there is no annual taxation on the income earned on this wealth inside the policy. The policy Fund Value has a separate beneficiary designation and at your passing comes to your beneficiary – principle and growth – tax free.

Naming **cbm** (legal name: **Christian Blind Mission International**) as a Beneficiary Under Your Life Insurance Policy

If you need a sizeable charitable receipt at death, you can designate **cbm** as the beneficiary of your life insurance policy. In that case, a receipt will be issued for the full amount of the death benefit when **cbm** receives the payment from the insurance company. Your estate executor can use this receipt to reduce income taxes for the year of death (which can sometimes be quite substantial). Your executor can carry any unused portion of the charitable receipt back to offset income taxes which you paid in the year prior to death.

Name **cbm** as a beneficiary under your life insurance policy – the insurance proceeds could enable you to make the biggest gift of your lifetime. Your gift will transform the lives of moms, dads and children trapped in the cycle of poverty and disability.