

PLANNING YOUR LEGACY

Gifts of Life Insurance

Life insurance offers several ways to provide a significant future gift to The Leprosy Mission Canada* at a relatively modest cost today.

(a) Transfer of Ownership:

If you have an insurance policy that is no longer required to ensure your family's financial security, you can gift the policy by naming The Leprosy Mission Canada* as the beneficiary of the policy.

Should you choose to make The Leprosy Mission Canada* both the owner and the beneficiary of the policy, you will receive the benefit of a charitable donation receipt for the value of the policy (which is normally the cash surrender value). In addition, the premiums you pay after you have assigned the ownership of the policy will also be eligible for a charitable donation receipt. You may pay the premiums directly to the insurance company or may give the funds to The Leprosy Mission Canada*, which in turn will pay the premiums.

Similar benefits will apply if you choose to take out a new insurance policy: if you make The Leprosy Mission Canada* the owner of the new policy, each premium you pay will entitle you to a charitable donation receipt.



To Illustrate: A man, age 45, has some extra income but cannot afford to contribute a significant gift to a charity at the present time. He buys a new life insurance policy with a face value of \$50,000, naming The Leprosy Mission Canada* as the owner of the policy, and pays annual premiums of \$1,800 for the next 5 years. He will receive a charitable donation receipt each year for the premium he pays. His tax credit will be \$900 (50% of the \$1,800 premium), so that his total out-of-pocket cost to ensure a future gift of \$50,000 will be only \$4,500 (\$900 per year for the 5 year period).

(b) Naming a Charity as Beneficiary:

You may gift life insurance by naming The Leprosy Mission Canada* as the beneficiary of an existing policy while you remain the owner of the policy. This option allows you to access the cash value of the policy during your lifetime, or to substitute a different beneficiary if your circumstances should change. The designation of The Leprosy Mission Canada* as the beneficiary of the policy will entitle your estate to a charitable donation receipt for the value of the insurance proceeds paid to The Leprosy Mission Canada*, yielding a credit that can be applied to the final tax return.

(c) Replacing Donated Assets:

Life insurance may be used to provide a substantial charitable gift today even if you do not give a policy or its proceeds to a charity. You may give a gift to The Leprosy Mission Canada* and replace the value of the gifted assets by purchasing life insurance. This will ensure that your charitable gift does not affect the inheritance you wish to leave your family.

To Illustrate: A couple in their 60s contribute a gift of \$100,000 to The Leprosy Mission Canada* for an endowment in their names. By taking two years to report their gift (a charitable gift may be applied to a maximum of 75% of net income each year), their tax savings total \$50,000. They use \$25,000 of their tax savings to pay up a life insurance policy on the husband's life, naming their children as the beneficiaries. The Leprosy Mission Canada* receives \$100,000 today, their children receive \$100,000 in the future and they keep \$25,000 that otherwise would have been paid in taxes.



Life insurance can help you make a generous gift at an affordable cost. It is recommended, if you are considering using life insurance in your gift and estate planning, that you consult with financial and legal advisors to determine which option is appropriate for your situation.

* The Leprosy Mission Canada remains our legal name, but we are operating under the name *effect:hope* to illustrate more vividly what you are accomplishing with your support.