

Planned giving using life insurance

If you have achieved a degree of financial success, have a desire to support a charitable organization and have an interest in off-setting current or future tax obligations, planned giving using life insurance is a strategy that can work for you.

A carefully arranged planned gift can be tax effective, and at the same time balance your final needs and your family's. It can allow you to leave a lasting personal legacy and provide your favourite charity with stable funding over the long term without reducing the estate available to your heirs or jeopardizing your future financial independence.

When planning your estate, one of your biggest decisions is who you want to leave your money to. If you plan ahead, your estate can be more tax efficient, which can mean that you may be able to give more money to your favourite charity and still leave what you want to your family.

A permanent life insurance plan can allow you to accumulate cash value growth inside the life insurance policy, within certain legislative limits, without paying income tax on the growth. Cash withdrawals are subject to taxation based on the rates and rules in effect at the time you withdraw the funds. The death benefit is paid to the named beneficiary of your choice tax-free upon death.

Is this right for you? It depends...

- Do you want to maximize the gift that your charity can receive?
- Do you need the tax credit today?
- Can you use the full deduction if taken at death?
- Do you want flexibility in naming which charity receives the donation?
- Do you want to retain control of your capital in a tax-advantaged insurance program?

For more information on *Planned giving using life insurance*, I can provide a strategy that can work for you.

The information provided is based on current tax legislation and interpretations for Canadian residents and is accurate to the best of our knowledge as of the date of publication. Future changes to tax legislation and interpretations may affect this information. This information is general in nature, and is not intended to be legal or tax advice. For specific situations, you should consult the appropriate legal, accounting or tax advisor.