



Gift Through Life Insurance Policy

Due to the special tax treatment accorded to gifts of life insurance policies, they can provide a wonderful way to make a donation and reduce your tax bill. There are a number of ways to use life insurance policies when planning your charitable gifts. Here are a few examples:

Transfer ownership of an existing policy to Knowledge Network

Some people have life insurance policies tucked away, that were purchased years ago, when their children were small, or to back a loan taken out to start a new business. Now the children are grown, or the loan repaid and the policy, which has been paid up, is essentially an idle property. Rather than parting with cash, this might be the perfect way to make a donation to Knowledge Network.

- If you donate a paid-up policy you will receive a tax receipt for the current fair market value or the cash surrender value (depends on when the policy was acquired).
- Or, you could donate an existing policy (on which you are still paying premiums) and you will receive a tax receipt for the value in the policy and for every new premium payment you make.

Or, purchase a new policy

This is a wonderful way of making a major future gift to Knowledge Network, and doing so in 'installments' through a series of premium payments. A modest annual premium paid over time can result in a significant legacy gift.

- Purchase a policy, then transfer the ownership to Knowledge Network, you will receive a tax receipt for every premium payment, which will help reduce income tax payable.
- Or, retain the ownership and name Knowledge Network as the beneficiary who will receive all the death proceeds, or a portion (yes, you can name other charities or people as co-beneficiaries and share the death proceeds). Your estate will receive the tax receipt for the value of the proceeds you donate to Knowledge.

Are there other ways I can use insurance in charitable giving?

Yes, an insurance policy is a good way to ensure your heirs are not left 'out of pocket' when you make a large donation to charity during your lifetime. Here's an example:

At age 60, Marilyn makes a donation of \$100,000 in cash to Knowledge Network, receives a tax receipt for \$100,000 and uses this to reduce her income tax payable by \$45,000.

She then uses \$22,000 of these tax savings to purchase a paid-up \$100,000 policy. At her death, the proceeds of \$100,000 will go directly to her children, replacing the cash she gave to Knowledge Network.

Meanwhile, she still saves \$23,000 in taxes through her gift.





Gift Through Life Insurance Policy (cont.)

If I have more questions about this, who can I contact?

We are happy to help in any way we can. Please contact Paul Graham directly with any of your questions – or if you prefer, have your professional advisor do so – he is more than willing to help you and will keep all your conversations and information confidential.

You may also be interested in requesting *A Guide to Your Will*, a workbook for estate planning we've created to help with your future plans.



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This document does not constitute legal or financial advice.

We recommend that before making a decision on a significant gift to Knowledge Network, you seek independent professional advice to ensure your gift is structured in accordance with your personal circumstance and that the related tax implications have been thoroughly considered.

Your advisor may request the following information:

- Our Legal Name: Knowledge Network Corporation
- Our Charitable Registration Number: 12153 2816 RR0001
- Our Address: 4355 Mathissi Place, Burnaby, B.C. Canada V5G 4S8

Thank you for considering creating a legacy at Knowledge Network.

