

Ways to Make a Significant Charitable Gift

There are other ways, too, in which life insurance can enable a donor to make a significant charitable gift.

Using Life Insurance for Wealth Replacement.

Marion and George Walters both aged 60, want to contribute \$100,000 to St. James' Anglican Church for work in the North without diminishing their legacy to their children. Assuming a tax credit of 48 per cent, they realize tax saving of \$48,000 over several years by making the gift, so they plan to use a portion of these savings to purchase a "second-to-die" policy that will add a \$100,000 to the estate when the surviving spouse dies.

Using Annual Income to Make a Life Insurance Gift.

Maurice Laurent, 68 years old in the 48 per cent combined tax bracket, has \$100,000 in bonds and GIC's from which he receives after tax income \$350 per month. He uses this asset to purchase a commercial annuity that provides him after- tax payments of \$830 per month. He then allocates \$300 of this increased cash flow each month to pay the premiums on \$100,000 life insurance policy that he purchases in the name of St. James' Anglican Church. He receives a gift receipt for every payment paid and at his death, the insurance proceeds will be his gift to St. James' Anglican Church.

These are but some of the ways in which life insurance can help you achieve your personal and philanthropic goals. If you would like to explore a life insurance gift to St. James' Anglican Church tailored to your circumstances and interest, please contact us.

"Through these gifts we go where we cannot travel; witness where our voices cannot be heard; speak languages we have not heard and love those whom we have never seen".

C. William Nicholson



For more information, please contact:

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The Many Lives of Life Insurance



St. James'

*TO SERVE AND SHARE
JESUS CHRIST*

DISCOVER HOW
PLANNED GIFTS CAN
STRENGTHEN OUR
FAITH COMMUNITY

Some General Types of Policies

Term life maximizes the death benefit if the insured dies within a specific time, but it accumulates no cash value. Because it offers the most affordable protection, it is often the choice of young parents primarily concerned about security for their family in case of an untimely death.

Whole life combines a death benefit with predictable cash value growth. Normally the premium and death benefit are fixed, and the cash value grows accordingly to a predetermined schedule. It provides family protection but may also be used as a savings plan for such expenses as children's education.

Universal or variable life. These policies place greater emphasis on growth. The premium and / or the death benefit may change, and growth in the cash value will depend on investment performance. Premiums may continue throughout life or end when sufficient reserves are accumulated to sustain the policy. Large initial premium deposits may render future premium payments unnecessary.

Any of these policies can fill an important niche in one's plan. As time passes, however, it's original purpose may become less important. As children grow up and we accumulate other resources, the need for family protection decreases. Policies purchased to provide cash for estate settlement are less needed since the Succession Duty and Estate Tax have been repealed. Policies with a face amount that seem large in pre-inflation days may seem insignificant today.

The Many Lives of Life Insurance

Life insurance is a simple idea that takes many shapes. Its basic purpose, of course, is to provide cash to meet the needs of survivors at the insured person's death, and all policies provide this benefit. However, life insurance policies may also build up cash value that can be utilized for a variety of purposes. A particular policy may be intended primarily for protection through its death benefit, or it may be designed more for investment purposes for increasing cash value.

New Ways of Looking at Life Insurance

As time goes by, our priorities change. We find ourselves wanting to share our good fortune with those around us, to show our support of the causes and institutions we believe in, to leave the world a little better than we found it. When goals such as these take shape, the life insurance policy that served us well in years gone by can serve us in an entirely new way when we make a charitable gift. In other cases, a new policy can be the key to achieving philanthropic goals. Here are some possibilities:

Give the Death Proceeds. Marvin Holcomb no longer needs the \$25,000 death benefit from the policy he took out years ago when his family was young so he decides to have St. James' Anglican Church receive the proceeds payable at his death. When he dies, his estate will receive a donation receipt for the amount of the death benefit, resulting in significant tax savings on his final return. If the donation receipt exceeds 100% of his income in that year, the excess can be carried back to the previous year, and the 100% limitation will apply to that year's income as well.

"No duty is more urgent than that of returning thanks." St. Ambrose

Give the Policy Itself. Nancy Helm, age 75, had almost forgotten her paid up \$50,000 policy until she began thinking about establishing an endowment with St. James' Anglican Church in memory of her husband. She depends on the income from her other investments, but the insurance policy makes an ideal gift. Because she makes St. James' Anglican Church the beneficiary and also the owner of the policy, her gift is irrevocable, and she receives a donation receipt for the cash value of the policy, creditable up to 75 percent of her income (excess credit may be carried forward up to 5 years). Nancy's policy is paid up, but if premiums are still owing and she continued to pay them, she would receive donation receipts for those payments as well.

Give a New Policy. Ralph Swanson, in his mid-40's, would like to make a significant gift to St. James' Anglican Church. He has no existing policy or assets to contribute but he does have some discretionary income, so he purchases a new \$40,000 policy naming St. James' Anglican Church as both owner and beneficiary, and pays for it in five annual payments of \$1,250 each. He receives a donation receipt for each payment and, assuming a combined federal/provincial tax credit of 48 percent, his annual tax saving is \$576. Thus his "net cost" for each premium is \$624 and he makes a \$40,000 future gift for only \$3,120.