UNIVERSITY OF OTTAWA
HEART INSTITUTE
INSTITUT DE CARDIOLOGIE
DE L'UNIVERSITÉ D'OTTAWA

Planned Giving:
Life Insurance Policy Transfer of Ownership

A gift of life insurance enables you to make a significant contribution to the Heart Institute at a small cost, while allowing you to receive tax benefits in the process.

- Have you wanted to make a large gift to the Heart Institute, but you couldn't afford to?
- Do you have an existing policy on which premiums are owing, and you have achieved financial stability that the policy is no longer needed?
- Do you have a paid-up policy that your beneficiaries do not need any more?

If your answer is "yes" to any one of those questions, you may want to consider a life insurance contribution to the Heart Institute. Create a substantial legacy with a minimal outlay of cash!

Here are some examples of how you can make a life insurance contribution and receive tax benefits during your lifetime. Please note that these examples are for illustrative purposes only. Since each individual financial situation is unique, please consult with your insurance or tax advisor to ensure that you receive a full and accurate explanation of the benefits to you of your charitable gift.

Example: Purchase a New Policy Naming the Heart Institute as Owner and Beneficiary

Nancy is 45 years old and is a non-smoker. She currently makes annual contributions to the Heart Institute. She also wants to make a substantial gift, but cannot afford a large cash contribution. After talking with her insurance advisor, she decides to purchase a $100,000 permanent life insurance policy
and arrange for the University of Ottawa Heart Institute Foundation to become both the owner of the policy and the beneficiary of the proceeds. Nancy will pay the premiums directly to the insurance company.

The **benefits** to Nancy are:

- She will receive charitable tax receipts for the premiums paid.
- The insurance proceeds will not form part of her estate and will be free of probate fees.

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Example: Transfer an Existing Policy with Premiums Still Owing

Long-term supporters of the Heart Institute, Don and Sara want to leave a legacy to the Institute. Don has a whole life insurance policy with a face value of $100,000, on which they are making premium payments of $1,300 per year. The cash surrender value of the policy is $5,400.

After examining their assets, they realize that their other investments are sufficient to meet their family needs and would like to donate the life insurance policy. After consulting with their insurance advisor, they arrange to transfer the ownership of the policy to the University of Ottawa Heart Institute Foundation and to continue paying the annual premiums.

The **benefits** to Don and Sara are:

- They will receive a charitable tax receipt for the cash surrender value of $5,400.
- They will receive a charitable tax receipt each year for the annual premium of $1,300.
- The insurance proceeds will not form part of Don's estate and will be free of probate fees.

Example: Transfer a Paid-up Policy to the Heart Institute

Bill has a paid-up policy with a face value of $100,000. He and his wife, Ruth, are at the point in their lives where they are financially secure and do not need the policy any more. They have wanted to give more to the Heart Institute than their annual contribution, so they have decided to donate the policy. The cash surrender value of the policy is $48,000 and the adjusted cost base is $10,000, resulting in a gain of $38,000*.

The **benefits** to Bill and Ruth are:

- They will receive a charitable tax receipt for the cash surrender value of $48,000, to offset the tax* charged on the gain.
- The insurance proceeds will not form part of Bill's estate and will be free of probate fees.

* If the cash surrender value of the policy was equal to the adjusted cost base, there would be no gain; therefore, no tax would be payable.