

## GIFTS OF LIFE INSURANCE

### *Using the power of insurance to multiply your generosity*

By using life insurance as an estate giving tool, you may be able to make a gift to the Physiotherapy Foundation of Canada that is significantly greater than the value of your premiums. Giving through insurance also offers many other attractive benefits.

#### **Benefits of donating insurance policies**

- **Affordable way to leave a large gift.**
- **Tax relief:** If you name the Physiotherapy Foundation of Canada to be the owner and beneficiary of your insurance policy, you get tax receipts for all premiums you pay. If you name the Foundation to be the beneficiary (not owner) of the policy, your estate will receive a valuable tax receipt for entire value of your policy.
- **Free:** Setting up your policy is free. No lawyer or accountant is needed to set up your policy, and it doesn't require you revise your will.
- **Gift made outside of your estate:**
  - Not subject to probate taxes or fees
  - Has no effect on the amount you leave your heirs
  - Is virtually incontestable
  - Will go directly to the Foundation within 2-3 weeks of your executor sending a copy of your death certificate to your insurance company.

#### **Donating new policies**

You can purchase a new policy on your own life or the life of a loved one. You and your spouse can purchase a joint-last-to-die policy, which can lower your premiums. You may find it beneficial to seek out policies that can be paid up within a fixed period of time, or even with one lump sum payment. For donations of new policies, you will enjoy the same tax benefits as donations of existing policies (see below).

#### **Donating existing policies**

When you make the Physiotherapy Foundation of Canada the *owner* of an existing policy you don't need any more, you will receive a charitable tax receipt for all future premium payments you make on this policy, reducing the tax you must pay annually. At the time of changing the ownership, you'll also receive a charitable tax receipt for the net cash surrender value of your policy, which may offset the taxes owing on the net cash value.

If you wish to lower the taxes that will have to be paid on your *estate* – and therefore possibly leave more to your heirs – name the Foundation the *beneficiary* of your policy. In this case, you won't receive receipts for your ongoing premiums, but your estate will receive a tax receipt for the full death benefit.

Please note that the Foundation cannot take over premium payments on donations of existing policies that you no longer need.

#### **Independent counsel is strongly recommended**

Physiotherapy Foundation of Canada staff are happy to speak with you about making a gift to the Foundation through insurance or through your estate. But the ultimate responsibility regarding your finances, tax implications of donations, and/or legal regulations rests with you and your legal or financial advisor. We encourage you to seek independent advice.

#### **For more information**

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