
GIFTS OF LIFE INSURANCE

Gifting a life insurance policy to a community foundation is a perfect way to leave a potentially larger gift to charity than you may be able to make in your lifetime.

THERE ARE TWO WAYS TO DONATE LIFE INSURANCE POLICIES AND EACH HAS DIFFERENT TAX ADVANTAGES:

1. Designate a community foundation as the beneficiary to your policy

When a community foundation is made the beneficiary of your policy, we will receive the proceeds upon your death. Your estate will receive a charitable tax receipt for the death benefit value of the policy.

The life insurance policy is not considered part of your estate and is not subject to probate taxes. You have the flexibility to change the beneficiaries during your lifetime if your circumstances change. There is no requirement to notify us that we are a beneficiary.

2. Transfer ownership of your policy to a community foundation

You can either give a paid up policy or continue to pay the annual premiums. Transferring ownership of a policy is irrevocable. There are transfer documents provided by the insurance company to be completed by you and the community foundation.

You receive a charitable tax receipt for the fair market value of the policy. If it is a paid up policy you may receive an immediate tax credit. If it is not a paid up policy, you receive charitable tax receipts for the annual premiums that are paid directly to the insurance provider, or through the community foundation.

Upon your death the community foundation receives the death benefit value of the policy.

YOU CHOOSE HOW A COMMUNITY FOUNDATION USES THE PROCEEDS OF YOUR POLICY

During your lifetime we can work with you to establish the terms of a Fund that will be established in your name upon your death. Proceeds from your insurance policy will be used to start the Fund.

Our professional staff considers your charitable wishes and determines the community needs that will benefit most through grants from your Fund. Or you can leave the proceeds of your insurance policy as an unrestricted gift. Our professional staff will determine the maximum impact your gift can have to benefit the community.

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“You choose how a community foundation uses the proceeds of your policy.”



COMMUNITY
FOUNDATIONS
OF CANADA

Community Foundations of Canada is the national network for Canada's 191 community foundations. Together we are a philanthropic movement working across sectors to help Canadians invest in building strong and resilient communities.

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