



## Gifts of Life Insurance

A gift of life insurance enables you to make a significant contribution to the Toronto East General Hospital Foundation at a small cost to you, while receiving tax benefits.

- Have you wanted to make a large gift to the TEGH Foundation, but cannot afford to?
- Do you have an existing policy on which premiums are owing, and you have achieved financial stability so that the policy is no longer needed?
- Do you have a paid-up policy that your beneficiaries do not need anymore?

If your answer is “yes” to any one of those questions, you may want to consider a life insurance contribution to the TEGH Foundation. 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.

**Example: Purchase a new policy naming the TEGH Foundation as owner and beneficiary:**

Nancy is 45 years old and is a non-smoker. She currently makes annual contributions to the TEGH Foundation. 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 Toronto East General Hospital 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
- she will get the satisfaction of putting in place a substantial gift for health care in the future

*Please turn over...*

**Example: Transfer an existing policy with premiums still owing:**

Long-term supporters of the TEGH Foundation, Don and Sara B. want to leave a legacy to the hospital. 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 realized that their other investments are sufficient to meet their family needs and would donate the life insurance policy. After consulting with their insurance advisor, they arranged to transfer the ownership of the policy to the Toronto East General Hospital 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 TEGH Foundation:**

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 anymore. They have wanted to give more to the TEGH Foundation than their annual contribution, so they decide 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
- Bill and Ruth can be proud of a sizable gift to the TEGH Foundation

\*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.

*Please see next page...*

**Example: Name the TEGH Foundation as a direct beneficiary of an individual policy or a policy of a group plan\*\*:**

Chris earns a moderate income and is leaving all his assets to his family upon death to ensure their financial security. Chris also wants to leave a major contribution to the TEGH Foundation to show his gratitude for the care that his father received. He is able to do so by designating the Toronto East General Hospital Foundation as a beneficiary of a non-group life insurance policy offered in his benefits package at work.

The **benefits** to Chris and his family are:

- his estate will receive a charitable tax receipt for the value of the contribution
- the insurance proceeds will not form part of Chris' estate and will be free of probate fees

If he wishes to do so, Chris will also receive the same benefits by designating the TEGH Foundation as a beneficiary of a policy for which he is the policyholder and the life insured.

Toronto East General Hospital Foundation strongly advises you to consult your own legal and or financial advisors to get specific advice regarding your own circumstances, and those of your dependants.

We welcome the opportunity to meet with you to discuss your planned giving options. Please feel free to contact Debbie Owen to obtain further information.

Debbie Owen  
Planned Giving Officer  
Toronto East General Hospital Foundation  
825 Coxwell Ave.  
Toronto, ON M4C 3E7  
(416) 469 - 6580 ext. 2161  
dowen@tegh.on.ca