

Making a charitable donation through a life insurance policy is an excellent way to add a human dimension to your planned giving strategy and to leave a lasting legacy for future generations. You can use a policy to make a meaningful contribution without significantly affecting your cash flow during your lifetime.

There are several ways a life insurance policy can be designated as a gift:

- Take out a new life insurance policy and name the CHU Sainte-Justine Foundation as the policyowner and beneficiary.
- Name the Foundation as a sole or partial beneficiary, while you remain the policyholder.
- Make the Foundation the policyholder and beneficiary of an existing policy.

This is a great solution to having a lasting impact on the health and well-being of the children of Sainte-Justine, while still taking into consideration your family situation and personal finances. Depending on the option you choose, you may be entitled to tax credits during your lifetime or applicable to your estate.

A life insurance policy can also be used to offset some or all of what you plan to give to the Foundation through your estate so you can protect the value of what you want to leave to your loved ones. To learn more about this option, please read the information sheet entitled **“Making a major gift while protecting your estate for your loved ones.”**

### **Option 1: Take out a new life insurance policy and name the Foundation as the policyowner and beneficiary**

#### **IS THIS RIGHT FOR YOU?**

- You are in good health and insurable. You wish to make a significant gift but do not currently have sufficient liquid assets to do so;
- You do not wish to tie up your liquid assets right now and are looking for alternative for leaving a major donation;
- You wish to increase the size of your contribution and make sure the Foundation receives more than your actual payout.

#### **YOUR BENEFITS**

- Smaller current cash investment now for a larger future gift;
- Immediate tax benefits, with receipts for the premiums paid;
- Acknowledgement during your lifetime: membership in the CHU Sainte-Justine Foundation’s Future Fund.

#### **SUGGESTED APPROACH**

If you wish to take out a new life insurance policy and designate the Foundation as the policyholder and/or beneficiary, please talk to your investment broker or financial security advisor and get in touch with us.



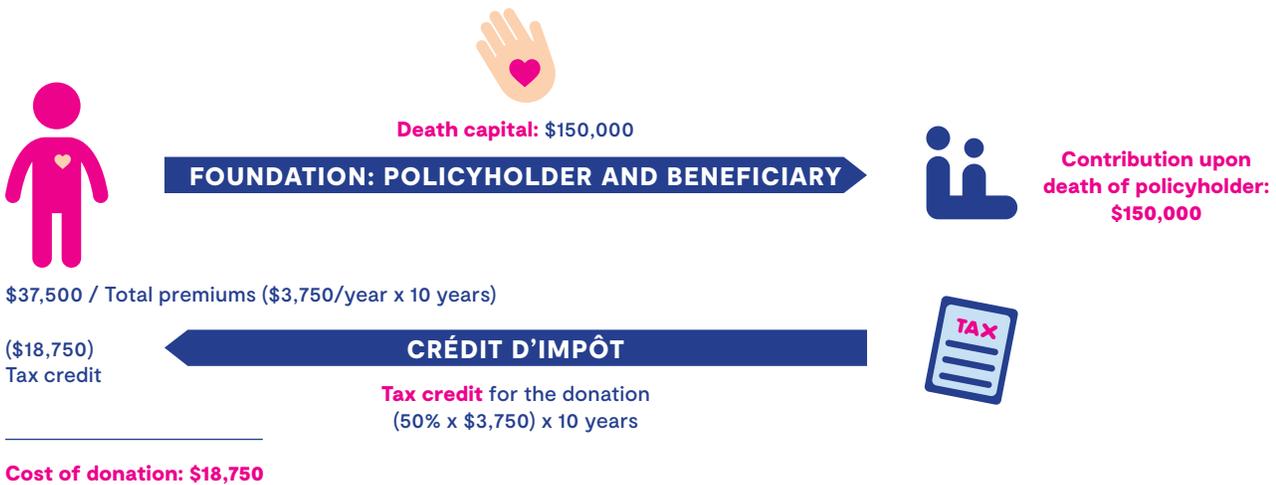
### DID YOU KNOW...?

The amount of your life insurance premiums will vary depending upon your age, your state of health and whether or not you smoke. Premiums may be smaller if the policy covers two healthy insurable individuals.

### EXEMPLE

To simplify the calculations below, the specified tax credit does not take into account the lower rate applicable to the first \$200 of a donation. The combined federal and province income tax rate and the tax credit used here has been rounded off to 50%. It is assumed that the donor has the necessary taxable income to benefit from the full tax credit for the donation being made.

Mr. Ferguson is an insurable 50-year-old non-smoker who has taken out a new insurance policy. The death benefit on the policy is \$150,000, for an annual premium of \$3,750 payable over a 10-year period.



Value of donation	<b>\$150,000</b>
Annual donation (cost of premium)	\$3,750
Annual tax credit (50% of \$3,750)	\$1,875
Annual cost of donation	\$1,875
Total cost of donation (\$1,875 x 10)	\$18,750

### Option 2: Name the Foundation as a sole or partial beneficiary, while you remain the policyholder.

#### IS THIS RIGHT FOR YOU?

- You already have a life insurance policy and you wish to leave a significant gift to the CHU Sainte-Justine Foundation without having to make an immediate cash investment;
- You expect your estate will have taxes to pay.

#### YOUR BENEFITS

- Significant future donation while retaining control over your life insurance policy;
- Option of changing the designated beneficiary at any time;
- Tax benefits for your estate (charitable receipts for the value of the death benefit paid to the Foundation);
- Acknowledgement during your lifetime: membership in the CHU Sainte-Justine Foundation's Future Fund.

## SUGGESTED APPROACH

We encourage you to talk to your financial advisor or life insurance representative for help in designating the CHU Sainte-Justine Foundation as the beneficiary of a new or existing life insurance policy. Once the arrangements have been made, please let us know what your plans are and send us the relevant documentation.



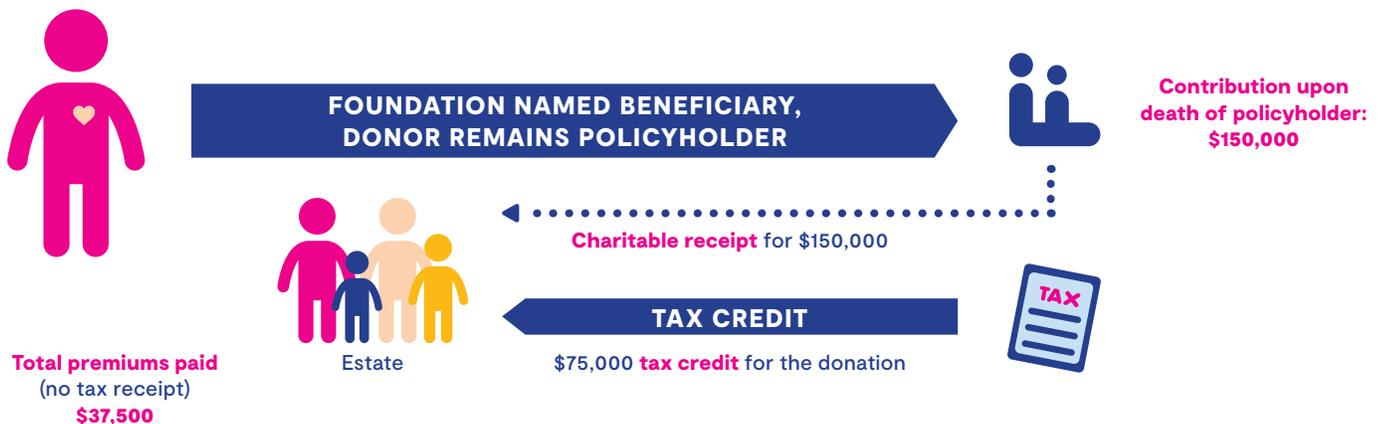
### DID YOU KNOW...?

You can either name the Foundation as the beneficiary directly in your life insurance policy or include a provision for this in your will.

## EXEMPLE

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Ms. Bashir is an insurable 50-year-old non-smoker. She wishes to leave the death benefit from her life insurance policy to the Foundation. She decides to remain the policyholder and names the Foundation as the sole beneficiary. Over a 10-year period, she pays out \$37,500 in premiums (\$3,750 a year).



Total cost of premiums	\$37,500
Tax credit during donor's lifetime	\$0
Donation upon death	<b>\$150,000</b>
Tax credit for estate (50% x \$150,000)	\$75,000

In this example, Ms. Bashir will pay \$37,500 during her lifetime (\$3,750 in annual premiums for 10 years). When she passes away, her estate will be issued a tax credit for a \$75,000 donation and the Foundation will receive a gift of \$150,000.

## Option 3: Make the Foundation the policyholder and beneficiary of an existing policy.

### IS THIS RIGHT FOR YOU?

- Your personal or family situation has changed and you no longer need this policy. You can therefore use it to make a significant donation without a cash outlay.

### YOUR BENEFITS

- Significant future gift for a smaller or zero cash outlay now (depending on whether your premiums are already fully paid)
- Immediate tax benefits: receipt for the fair market value of the existing policy and, as applicable, for any premiums subsequently paid
- Acknowledgement during your lifetime: membership in the CHU Sainte-Justine Foundation's Future Fund

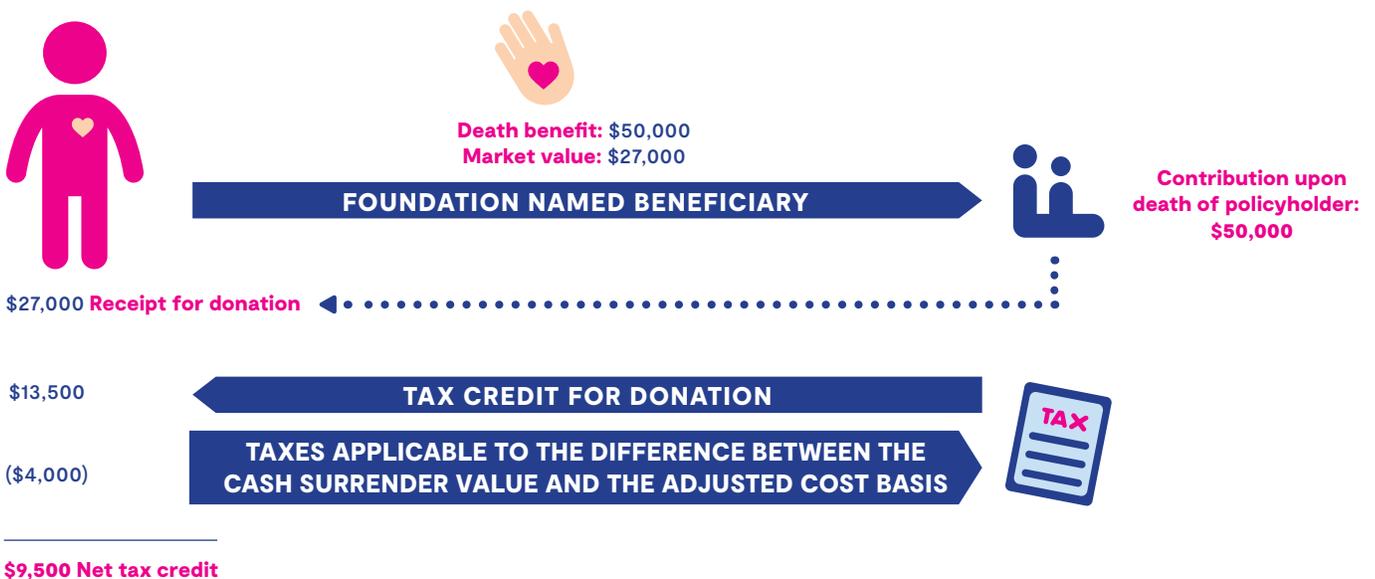
### SUGGESTED APPROACH

Please contact us and consult with your financial advisor or life insurance representative. We recommend checking the cash surrender value and adjusted cost basis of your policy to determine whether this strategy is right for you, given that the difference between the two will be added to your income and subject to tax.

### EXEMPLE

To simplify the calculations below, the specified tax credit does not take into account the lower rate applicable to the first \$200 of a donation. The combined federal and province income tax rate and the tax credit used here has been rounded off to 50%. It is assumed that the donor has the necessary taxable income to benefit from the full tax credit for the donation being made.

Mr. Greenberg is a 65-year-old donor. He holds a life insurance policy that he has had for many years and finished paying a while ago. The death capital for the policy is \$50,000. He is interested in donating the policy to the CHU Sainte-Justine Foundation and in making the Foundation the policyholder. Based on the information he has obtained from his insurer, the cash surrender value for the policy is \$13,000 and the adjusted cost basis is \$5,000. The market value, as determined by an actuary, currently stands at \$27,000.



A) Death benefit (amount of the donation)	<b>\$50,000</b>
B) Cash surrender value	\$13,000
C) Adjusted cash basis	\$5,000
D) Taxes due (50% of B-C)	(\$4,000)
E) Market value of the policy (receipt for the donation)	\$27,000
F) Tax credit for the donation (50% of E)	\$13,500
Net tax credit	\$9,500

Mr. Greenberg will receive a net tax credit of \$9,500 when the donation is made, and the Foundation will receive \$50,000 upon his passing.

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The information herein should not be interpreted as financial or legal advice from the CHU Sainte-Justine Foundation. The examples are provided for general information purposes only. The amounts and rates indicated may be subject to change. Please talk to your financial or legal advisor to ensure the options you choose take into account the details of your situation, as well as all required legal and tax requirements.



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