



## why planned giving



The Catholic Church has been there for you and your family during the most important moments of your lives. You want to be there for the Catholics of tomorrow as they start their journey of faith.

By supporting our Planned Giving Program, you can ensure that the active works of the Archdiocese and its parishes continue and grow both for today's needs as well as those of our children and grandchildren.

## why a gift of life insurance?

### BENEFITS TO YOU:

1. Could be a significant gift to your Church at a reduced cost to you.
2. Could reduce income tax now when premiums are paid.
3. Could reduce income taxes in the year of death and the previous taxation year.
4. Could reduce income taxes when an existing policy is donated.
5. The insurance proceeds are not taxable.
6. The insurance is not subject to probate fee.
7. The estate is not reduced by this gift.

### BENEFITS TO THE CHURCH:

1. The Church benefits from the Life Insurance proceeds to carry out its ministries.
2. There is no tax payable on the proceeds.
3. The Life Insurance results in a significant gift.

*Prior to making a gift, we recommend that donors receive independent professional advice concerning the possible financial, taxation and legal consequences of doing so.*

*To obtain more information about making a gift to your Church, please consult the Planned Giving section of [www.archottawa.ca](http://www.archottawa.ca) or contact the following:*

#### **At the parish:**

- your pastor, or
- the parish coordinator for the Planned Giving Program

#### **At the Archdiocese:**

*Development Office  
Tel: 613-738-5025, ext. 235*



613.738.5025

[www.archottawa.ca](http://www.archottawa.ca)

1247 KILBORN PLACE, OTTAWA, ONTARIO K1H 6K9

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*You can make a gift of insurance to protect people of faith*

***A planned giving program for Catholics***

*...in thanks for the gift of faith*

*...a gift for the future of faith*



### A SIGNIFICANT DONATION

*Through life insurance, you can make a significant donation to your Church by the payment of premiums for a policy designating the Church as beneficiary. The gift can be by way of a new Life Insurance policy or by an existing policy.*

*Many individuals would like to benefit the Church and its ministries; however, some may be concerned as to their future financial obligations. While a lifetime donation may appear to be impractical, a significant donation to the Church could still be made by purchasing a life insurance policy where a substantial donation through a death benefit would be made when the donor dies. The only cost for this donation is the payment of the insurance premiums.*

*What a wonderful way to make a gift to your Church yet protect your estate for your family. Keep in mind that the premiums being paid to maintain the policy are usually insignificant compared to the amount insured.*

*You also have the choice to reduce your income tax in the years that the premiums are paid or to reduce your income tax in the year of death and the previous taxation year. In addition, you could have an immediate donation receipt for the value of a policy when an existing policy is donated.*

### reduce your income tax



Non refundable income tax credits of between 41% and 46% of a donation to the Church are in effect for Ontario residents on cumulative donations over \$200. An individual may choose to have a charitable donation receipt for the premiums paid. The income tax credit with respect to the donation receipt reduces the cost of the premiums through reduced income tax. When this method is chosen, there is no donation receipt for the insurance proceeds paid to the Church on the death of the insured.

However, the individual may forego the donation receipts when the premiums are paid but have a receipt for the total insurance proceeds paid to the Church on the insured's death. This donation receipt would be for a much larger amount, the death benefit, and can be used to reduce income tax in the insured's year of death and the previous taxation year.

In both options the Church is the beneficiary of the policy but the Church would also need to be the owner of

the policy if donation receipts are desired while the premiums are being paid.

Where an existing policy is donated, the individual may be entitled to receive an immediate receipt equal to the fair value of the policy and to receive subsequent donation receipts for any premiums paid. However, other income tax implications should be reviewed in this case.

### examples



While there are numerous examples that can be given, the following illustrates the position of a 55 year old male non smoker who purchases a \$100,000 life insurance policy. In the case where the Church is the owner and beneficiary of the policy, the individual would obtain an income tax receipt for the premiums that he pays. The income tax credits would reduce his income tax payable (see example A).

Where the Church is the beneficiary of the policy but not the owner, there would not be any donation receipts for the premiums paid but there would be a receipt for \$100,000 on the death of the insured when the death benefit is paid to the Church. This donation receipt could reduce the individual's income tax in the year of death and the previous taxation year (see example B).

	A	B
Annual Premium Cost	\$1,640	\$1,640
Donation receipt for premium paid	\$1,640	-
Federal and Ontario income tax credits	\$ 689	-
Net premium cost after tax credits	\$ 951	\$1,640
Death benefit	\$100,000	\$100,000
Donation receipt for death benefit	-	\$100,000
Federal and Ontario income tax credits in year of death and previous year	-	\$ 42,000

*Note: The income tax credits were based on a 42% rate.*

Thus, an individual has the choice as to when the donation receipt is issued and income tax is reduced.