

focusforward



Creating your legacy for the future of Lakefield College School

Giving a life insurance policy is one way to maximize your contribution to Lakefield College School. It enables you to make a significant, lasting gift to LCS with minimal outlay of current savings or income. A gift of life insurance is a deferred gift, which means the proceeds from a gift commitment made now will be realized sometime in the future. Donors often struggle between their desires to achieve philanthropic goals and their need to preserve their estates for their families. A gift of life insurance can eliminate this conflict.

The Advantages of Gifts of Life Insurance

- A gift of life insurance allows you to make a larger donation to LCS than you would have thought you could afford, at relatively little cost.
- It does not reduce the value of your estate for your heirs.
- Life insurance proceeds are paid directly to LCS and are not subject to probate and other estate fees.
- Life insurance can provide an annual tax credit or a tax credit in the year of death. How you structure your gift will depend on where you have the greatest need for tax relief. For example:
 - You can opt to retain ownership of the life insurance policy and thus the flexibility to change the beneficiary over time as circumstances may require. If you choose this option, your estate will receive the tax credit when the gift is realized.
 - When LCS is both the owner and the beneficiary of a policy, the donor receives immediate tax savings. In these instances, the gift is irrevocable which means it cannot be changed.

Some Options for Consideration:

You can purchase a new policy.

If you name LCS as the irrevocable owner and beneficiary, you will receive an income tax receipt yearly for the full amount of the premiums paid. With increasing longevity, older persons can now purchase insurance at more affordable rates than were possible in the past. Retired individuals who have some annual discretionary income can support LCS without depleting their financial reserves or reducing the projected inheritances of family members. Greater leverage is possible when two donors, usually wife and husband, purchase a joint policy. These policies are available even if one spouse is not insurable and are generally more economical than a policy only on the insurable spouse.

You can donate an existing policy.

If you donate an existing policy that you no longer need, and name LCS as the irrevocable owner and beneficiary, you will receive a tax receipt for the net cash surrender value (less any outstanding policy loans) and any subsequent premiums paid. This policy is like a hidden asset, available to be used now for your philanthropic purposes.

You can make LCS the beneficiary of a new or existing policy.

As amended in the 2000 Federal Budget, a charitable donation tax credit will be available when a donor designates that the death benefit proceeds of his/her policy are paid directly to a charity. Your estate will receive a tax credit for the proceeds of the policy when the gift is realized.

You may have a life insurance policy from your employer or former employer that you want to donate to LCS.

Since you will not be able to change the ownership, you may designate LCS as the full or partial beneficiary of the policy. A donation tax receipt will be available when the death benefit proceeds from the policy are paid directly to LCS.

You may want to consider wealth replacement insurance.

If making a large charitable donation is important to you, wealth replacement insurance is not complicated and it could allow you to make a large charitable gift now without affecting the legacy you want to leave to your children.

When you make your donation to LCS, you receive a tax receipt for the amount you donated, or the Fair Market Value if you donated other assets, such as securities, art or real estate. The next step is to purchase a life insurance policy from an insurance company, with a face value equal to the amount you donated. You name your heirs as beneficiaries, and they receive the tax-free proceeds from the policy upon your death in lieu of the donation you made to charity. The tax-free proceeds are paid to your heirs in cash. If an asset such as artwork was left to your heirs and had appreciated in value, it may have to be sold to pay capital gains tax. In the end it could diminish what your heirs receive. Depending on your age and health, you might be able to pay off the policy premiums with the tax savings resulting from your charitable gift.

Creating your Legacy with a Gift of Life Insurance.

Making an estate gift of any type or size is important. By informing us of your intentions we can assist you in making sure things move along smoothly and also discuss how you would like the eventual proceeds from your insurance policy put to use. You may, for example, want to create a permanent endowment fund in your name, or in the name of a loved one, and direct the income to a faculty, department, or other area of your choice, or you can direct it where it is needed most.

It is also important for us to know whether you wish to be recognized for your contribution or prefer to remain anonymous. Please feel confident that any request for anonymity will be strictly honoured.

We strongly encourage you to consult with your lawyer, accountant or other financial advisor before finalizing your legacy gift.

Lakefield College School Foundation

Please contact us: T | 705.652.3324 E | foundation@lcs.on.ca

4391 County Road, Lakefield, Ontario, Canada, K0L 2H0 www.lcs.on.ca/legacygiving

