



PLANNED DONATION - LIFE INSURANCE DONATION

Every year, millions of dollars in life insurance policies are lost due to policy cancellation. By donating your policy to the Institut, you or your estate may be able to recuperate a portion of your investment through donation tax credits.

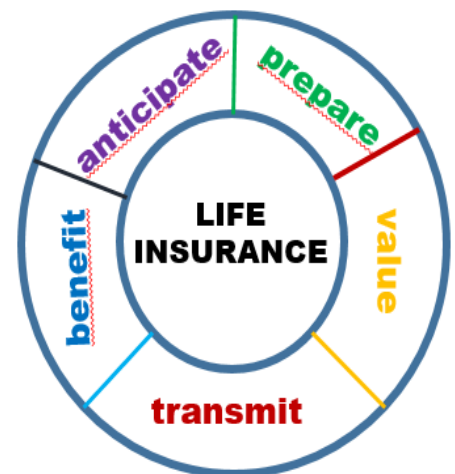
DO YOU WISH TO MAKE A DONATION OF A LIFE INSURANCE POLICY TO THE INSTITUT DU CANCER DE MONTRÉAL?

The Institut considers 3 types of donation related to this tax/succession planning strategy:

- 1 - Purchasing a new life insurance policy;
- 2 - Assigning an existing policy to the Institut (certain conditions apply);
- 3 - Designating the Institut du cancer de Montréal as the beneficiary of the death benefit.

The benefits for the donor related to this type of donation:

- **Accessibility** | An affordable way to make a substantial gift without having to draw from your cash flow;
- **Simplicity** | No legal documents required;
- **Wealth protection** | Provides the opportunity to maintain control of your assets during your lifetime and minimize taxes upon your death;
- **Immediate tax benefits** | You receive an immediate donation receipt for the fair market value of the policy (appraised by an independent actuary) and receive an additional tax receipt for the amount equivalent to the premiums you will continue to pay, should the policy not be paid in full.



*For more information, please contact France Grenier, Manager, major gifts and planned giving by email: france.grenier@icm.qc.ca



PLANNED GIVING - DONATION OF A LIFE INSURANCE POLICY EXAMPLES

EXISTING POLICY

Stephen has a \$50,000 life insurance policy subscribed 20 years ago and has paid the premiums in full(*). He wishes to make a donation to the Institut du cancer de Montréal to benefit from the tax credit during his lifetime. He therefore transfers ownership of his policy to the Institut du cancer de Montréal, which he designates as the irrevocable beneficiary.

(* If you have to continue paying premiums, you will receive a donation receipt for the amount of the premiums paid on an annual basis.

	Impact for Stephen Year of the donation (assumption)	Impact for the estate
Assignment of the policy to the Institut du cancer de Montréal, which becomes owner and beneficiary (if premiums are fully paid).	Assumed market value of the policy by an independent appraiser: \$20,000. The Institut will issue a donation tax receipt for \$20,000 for the current year	The Institut will receive an amount of \$50,000. No tax receipt will be issued following death of the donor as the receipt has already been issued.
Stephen remains the owner of the life insurance policy and names the Institut du cancer de Montréal as an irrevocable beneficiary upon his death. Let's assume that there are still premiums to be paid for the next 5 years valued at 1 200\$/year.	Additional tax receipts of \$1,200/ year issued each year for 5 years	Estate will receive a tax receipt of \$50,000

This strategy provides you with a tax receipt for the fair market value of the policy, not just the cash value. This market value will be based on several factors, including the principal sum, replacement value, your health, life expectancy, conversion privileges, and other policy terms such as additional benefits and double indemnity provisions. (Value calculated by an independent certified appraiser). This method of calculation is more advantageous to the donor than considering the cash surrender value alone. In many cases, it allows the donor to obtain a receipt for a much higher amount. However, this transfer could result in a taxable gain based on the difference between the cash surrender value and the adjusted cost base.

NEW POLICY

Gabriel is 35 years old. He wishes to make a major donation to the Institut du cancer de Montréal but does not have the necessary liquidity at the moment. He decides to take out a \$50,000 permanent life insurance policy payable over 10 years (*). He designates the Institut du cancer de Montréal as an irrevocable beneficiary

Assumption

Annual premium cost: \$1 500

Tax credit – 48.2 %: (\$ 723)

(Reduction related to the donation receipt issued annually) _____

Actual cost (annually): \$ 777

Actual cost of all life insurance premiums (\$777 x 10 years): \$ 7 770

Amount of life insurance paid to the Institut at death: \$ 50,000

(*Note: A tax-efficient strategy is to obtain a tax receipt for a significant amount in the same year when there has been a major capital gain realization (e.g., sale of a second home or a business). The strategy would be to pay the entire value of the premiums in one or two years and obtain a donation receipt for a more significant amount

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