

## Gifts of Life Insurance - Future Dollars...only Pennies a Day

*Providing security for a growing family and support in times of unforeseen need are the reasons why most thoughtful people buy life insurance. But life insurance can also be used as a creative financial tool to fund a gift cost-effectively. You can help ensure a brighter future for the youth and young adults of our community...with a gift funded by life insurance.*

There are several ways you can use life insurance to make your gift to **Red Roof Retreat**. You can contribute an existing policy that you already own but no longer need, you can purchase a new one to fund your gift, or you can simply name us as a policy beneficiary while retaining the ownership rights during your lifetime. In each case, your decision will strengthen us over time and can ultimately benefit your heirs as well.

### A Gift of Future Proceeds

#### Example:

*Many years ago, Roberta took out a \$5,000 life insurance policy, naming her husband as beneficiary to provide security for their young family. Today, she is a widow and has other assets to leave to her children, so she has decided to have the proceeds payable at death become her gift to **Red Roof Retreat**, in memory of her husband.*

*Roberta can do this simply by designating us as the replacement beneficiary on the insurance policy. She is very pleased to know her gift will make a real difference in the lives of children after she is gone.*

Following her death, her estate will be entitled to a donation receipt for the \$5,000 gift, yielding a significant tax credit to be applied against income reported on her final tax return. (If the donation receipt exceeds 100% of her income in that year, any remaining portion could be carried back to the previous year's return, and the 100% limitation would also apply against that year's income). In this way, a gift to **Red Roof Retreat** can actually help increase the total value of her other assets that will pass to her heirs through the will.

For more information about gifts funded with life insurance, and other ways to invest in our future, please contact:

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Charitable Registration #88759 2285 RR0001

### Give the Policy Itself

#### Example:

*Now in her eighties, Martin finished paying premiums on a \$25,000 policy some years ago and had almost forgotten about it when he began thinking about a gift to our organization. Since he cannot afford to give up an income-producing asset at this time, he thinks the insurance policy would make an ideal gift.*

In addition to naming **Red Roof Retreat** as beneficiary, he also transfers ownership of the policy to our organization. By doing this, her gift is made **irrevocable**, resulting in an immediate donation receipt for the policy's 'fair market value' (FMV), which translates into a very welcome tax credit on this year's income tax return.

If the value of his donation exceeds 75% of her income for the year, she can carry the excess forward up to five years. (**Note:** Martin's policy was "paid up", but he could also have made the gift if premiums were still owing. By giving the policy to us, he would still receive a donation receipt for its current value, and if he continued to pay the premiums, he would receive donation receipts for those contributions too!).

### Give a New Policy

#### Example:

*Janet, age 45, has some discretionary income but cannot afford to contribute any of her capital. She purchases a new life insurance policy with a face value of \$100,000, names Red Roof Retreat as owner, and contributes \$5,600 annually to cover premiums for just ten years, receiving a donation receipt for each premium paid. Her tax credit is worth \$2,576 (46% of \$5,600), so the out-of-pocket cost to assure a legacy gift of \$100,000 is only \$3,024 per year (less than \$10 per day!).*

*Life Insurance – it can help you fund a truly generous gift tomorrow while realizing attractive tax benefits at an affordable cost today!*

*This information does not constitute legal or financial advice and should not be relied upon as a substitute for appropriate counsel. We recommend that you seek professional legal, estate planning, and/or financial advice before deciding on a course of action.*

