

How Canada Life My Par Gift works for charitable giving



When clients express an interest in charitable giving, you can present a variety of options involving investments or life insurance.

Clients can make a bigger impact with their donation using life insurance. This allows charities to maximize the amount they receive to advance their efforts and benefit our communities.

There are two basic ways to structure charitable giving using **tax-exempt** life insurance.

In one approach, a donor owns the policy, pays the premiums, designates the registered Canadian charity as the beneficiary and achieves the tax benefits **on death**.

Policyowner	Premiums	Beneficiary	Donation tax receipt
Individual	Donor pays regularly	Registered charity	On death - provided to donor's estate

In another approach, a donor chooses a charity, who is both the **owner** and the **beneficiary** of the policy. The donor pays the premiums and achieves the tax benefits **while living**.

Policyowner	Premiums	Beneficiary	Donation tax receipt
Registered charity	Donor pays regularly	Registered charity	As premiums are paid - provided to donor

With both approaches, the client must maintain the on-going payments for the premium duration for the charity to receive the insurance payout. And since these tax-exempt policies require premium payments for 10 or 20 years, or to-age-100, donors are required to demonstrate a history of charitable giving during the underwriting process to establish insurable interest.

Canada Life My Par Gift is a **non-exempt** life insurance policy that offers donors and registered charities a simple and elegant solution using the **charity-owned policy** approach. Here's how it works.

A **donor** chooses a registered Canadian charity, who is both the **owner** and the **beneficiary** of the **Canada Life My Par Gift** policy. The donor makes a **one-time premium payment** to Canada Life, or the charity, to be applied as premium for the policy. The charity then issues the donation tax receipt to the donor. If the client makes the premium payment to Canada Life, the charity will issue the donation tax receipt when the policy is placed in-force. If the client makes the donation directly to the charity, they'll issue a receipt when the donation is received. As a single premium payment insurance policy, donors aren't required to demonstrate a history of charitable giving for underwriting. **Canada Life My Par Gift** is designed as a specialized par product and is subject to anti-money laundering requirements, unlike other par products.

Policyowner	Premiums	Beneficiary	Donation tax receipt
Registered charity	Donor makes a one-time payment	Registered charity	Issued by the registered charity - provided to donor

Clients can use their donation tax receipt to reduce their taxes payable in that year, or they can choose to carry the donation receipt forward, up to five years, according to current tax legislation.

Canada Life My Par Gift is a participating life insurance policy that can help the charity grow its legacy through potential dividends. Charities can use the policy's dividends to purchase additional life insurance, which may increase the payout on death and the policy cash values, or they can take the annual dividend as cash to create an annual cash flow.

Canada Life My Par Gift gives the charity flexibility. As the policy cash values build over time, the charity as policyowner can access these funds in several ways, including a partial surrender, a policy loan or a collateral assignment. And since registered charities aren't taxable, they're not concerned with the tax implications. It's important to note that any withdrawals or unpaid loans will decrease the size of the charity's payout. And if the policy loan and interest are larger than the policy cash value, the insurance coverage will end.

Since **Canada Life My Par Gift** is a paid-up policy, there's no risk of the policy lapsing due to non-payment of premiums. Donors can be confident the charity will benefit from the life insurance policy and make a greater impact for those they help.

Corporations can also be a donor for a **Canada Life My Par Gift** policy when the majority shareholder is insured under the policy.

Canada Life is committed to providing on-going information and support to charities, reducing the level of servicing required by advisors for these policies.

For more information about **Canada Life My Par Gift**, consult available marketing materials or connect with your local regional sales manager.