



# life insurance

You can make a larger gift to Habitat Sarnia/Lambton's mission locally than you might expect. By naming Habitat Sarnia/Lambton as the owner and beneficiary of a new or existing life insurance policy or by donating a life insurance policy, you can reap immediate tax benefits as well as tax relief for your estate.

There are several ways to make Life Insurance a part of your legacy giving plan:

**An Existing Whole-life Policy:** If a policy that you already have has outlived its usefulness (for example, your children have grown), you can choose not to cancel it. Rather, you can name Habitat Sarnia/Lambton as a beneficiary for a percentage, or for the full amount of the policy. Your heirs may ultimately benefit because your estate will receive a tax receipt – and substantial tax savings – for the value of the donation.

If you choose this option, you will receive a charitable income tax receipt for the year in which you transfer ownership based on the current surrender value of the policy ...plus any accumulated dividends... minus any outstanding loans. You will also receive a charitable receipt for any premiums that you continue to pay.

You may not have to pay premiums indefinitely because most Whole-life policies have a premium offset option. After 7 – 10 years, the dividends usually become sufficient to cover the cost of the annual premium and you would no longer need to pay to keep the policy in force.

You can also donate a paid-up policy that you no longer need. You will

receive a charitable income tax receipt for the surrender value and any accumulated dividends ... minus any outstanding loans.

**A New Policy:** You can also purchase a new policy to benefit a cause (or causes) that are important to you. Although a new policy will have no current 'surrender' value, should you make Habitat Sarnia/Lambton the owner and beneficiary of the policy, your tax benefits can increase dramatically. If it is structured properly, you will receive a tax receipt for the premiums you pay. In addition, the amount of your gift will continue to grow as the cash surrender value of the donated policy increases.

**A Joint Policy:** Perhaps you wish to name Habitat Sarnia/Lambton as beneficiary of a joint policy covering you and your spouse. This provides you the benefit of one premium payment instead of two. In addition, if the policy is structured properly, a tax receipt for payments will be given. Proceeds will be paid to Habitat Sarnia/Lambton only after both parties have passed on.

**Make Habitat Sarnia/Lambton the Policy Owner:** If you make Habitat the owner and beneficiary of a new or existing policy, the tax benefits increase dramatically and significantly. This option entitles you to a tax receipt annually for any premiums you subsequently pay.

**Gifts of Life Insurance made at the time of your death:** You cannot claim any tax credits during your lifetime if you name Habitat Sarnia/Lambton as the beneficiary of your Life Insurance policy in your Will without transferring ownership of the policy.

That said, your estate will benefit from a tax credit if you name your estate as the beneficiary of your Life Insurance and then clearly make a bequest to Habitat in your Will. The gift will be treated as a charitable donation in the year of your death and is eligible for a tax credit on your final tax return, or in the previous year's tax return.



Habitat for Humanity Sarnia/Lambton is a charitable organization that builds decent, affordable homes and then sells them to low income families for a \$0-down, 0%-interest, 20-year, Habitat-held, mortgage with geared-to-income monthly payments. 100% of the mortgage revenue we receive each year is used to build more homes for more local families. Proceeds from our Sarnia ReStore pay for 100% of our administrative and operational costs. For this reason, 100% of every dollar donated to Habitat Sarnia/Lambton is used to build homes.

Research undertaken amongst Habitat families nationwide shows that, upon receipt of a Habitat home, children's academic performance improves, families are healthier and become more vested/involved in their communities. Every \$1 invested in Habitat for Humanity yields a \$4 Social Return on Investment (SROI).



*The information in this brochure does not constitute legal or professional advice and should not be substituted for professional consultation.*

*Habitat for Humanity Sarnia/Lambton strongly encourages donors to seek legal and financial advice prior to deciding a course of action.*