

## Examples of Life Insurance Policies:

### Policy Ownership Transferred

Example 1. – Lawrence is 54. He purchases a life insurance policy for \$100,000. This plan will be fully paid after only 14 years. The premium is \$2,191 per year but because the Foundation owns the policy a tax credit of \$1,000 is generated. (This credit will vary from province to province). The net effect is that Lawrence's out-of-pocket cost to greatly benefit health care in Atlantic Canada is only \$1,191 per year for only 14 years.

Example 2. – Verna, age 70, could benefit the QEII through the purchase of a \$25,000 insurance plan. The tax credit from the tax receipt would reduce her tax payable resulting in a net outlay of only \$326 per year to establish a future gift of \$25,000.

### Policy Ownership Retained

Example 1 – Agnes, age 60, purchases a life insurance policy with a death benefit of \$100,000 and names the QEII Foundation as beneficiary. She retains full control over the policy during her lifetime. Upon her death a tax receipt is issued for \$100,000 producing a tax credit of approximately \$48,000 that her executor may use to offset other income tax on her final tax return.

Example 2. – Marvin has done some planning with his advisor and realizes that on his death a tax bill of \$250,000 will be owed. He is now age 55. Marvin would rather have his funds support health care at the QEII than Canada Revenue Agency. So he buys \$500,000 of life insurance at about \$7,600 annually, and names the QEII Foundation as beneficiary. Upon Marvin's death the \$500,000 goes to the QEII Foundation tax free; the resulting tax credit is used to wipe out his tax bill.

### Insured Annuity

Example 1 - Audrey, age 65, purchases an annuity with funds from maturing GICs. The annuity will provide Audrey with a guaranteed payment for the rest of her life. Because a considerable portion of this payment is considered a return of her capital, that amount will be tax-free. This means her annuity payments will be considerably higher after tax than those from her GICs.

She then purchases a life insurance policy for the same value as her annuity. She transfers the policy to the QEII Foundation. Audrey arranges for the premiums to be paid from a portion of her annuity payments. These premium payments will generate a tax credit reducing the after-tax cost of the policy. The remaining portion of her annuity payment is hers to use as she wishes. She may even want to purchase another life insurance policy naming a family member or other charity as beneficiary!

***Please note: The above examples are for illustration purposes only. Your situation may differ, depending on your unique circumstances. You are encouraged to consult with your own advisors.***