



Bishop's University Case Study

How Unwanted Term Insurance Became a Generous Gift

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Use A Life Insurance Policy to Make the Gift of a Lifetime

A generous graduate from Bishop's University in Sherbrooke, Quebec wanted to support her alma mater but didn't have enough liquid assets available to fund a substantial donation. Mary was in her early 60s, financially comfortable from pensions and fixed-income investments and anxious to make a meaningful donation while she was alive.

Her investment portfolio included an old term life insurance policy with a face amount of \$300,000 that she no longer needed. She had since become uninsurable but we are able to convert the policy into a permanent insurance policy with no medical evidence.

We arranged for an independent actuary to review her policy and provide a current market valuation, which was established at \$175,000.

Mary gifted her insurance policy to the Bishop's University Foundation and received a tax receipt in the amount of \$175,000, allowing her tax savings of \$87,500 available over the next 5 years

The Foundation will receive \$300,000 upon her death.

Bruce Stevenson, who heads Estate Giving & Donor Relations at Bishop's University Foundation, arranged for another generous graduate, Henry, to pay the ongoing premiums on the donated policy, now owned by Bishop's.

Henry will receive a tax receipt every year for the full amount of the premiums paid, reducing his taxes annually.

Both donors were recognized by Bishop's for their generous legacy gifts. This strategy is available with any older term or permanent life policies, or can be structured with a new policy in order to maximize a gift and minimize taxes.

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Please contact us to learn how to maximize gifts from your donors while helping them minimize their taxes.

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