



University
of Victoria

Ways to Give

Life Insurance: A small investment in life insurance premiums is a great way to support the University of Victoria at a more substantial level than you may have thought possible.

Life Insurance products that can be donated

UVic accepts **permanent** life insurance.

Permanent life insurance is divided into two categories: **equity and non-equity**.

- **Equity** policies direct a portion of your premium payments into an investment/savings account and the other portion pays for the death benefits.
- **Non-equity** policies do not have an investment plan and you are only paying for the death benefits.

More specifically, the three types of policy the university accepts are:

Whole Life Insurance (equity) provides death benefit coverage and also builds up guaranteed cash value. Premiums are level and the policy remains in force as long as the premiums are paid.

Term to 100 (non-equity) is a low cost universal/whole life policy without a guaranteed cash value. Premiums remain level and continue for life or until the donor reaches age 100. Insurance is defaulted if premium payments cease.

Universal Life Insurance (equity) is a Term to 100 policy plus a tax-deferred investment account. The investment account must achieve positive annual returns to ensure premium payments.

Ways to Give Life Insurance

Make UVic the *beneficiary* of a policy

If you name UVic as beneficiary of life insurance, then your estate will receive a charitable receipt for the value of the policy, which will offset income taxes due to your estate. In most cases, insurance proceeds pass to the university outside your estate, thus reducing probate and estate administration fees, and your estate receives the tax benefit of the charitable receipt. This means your estate will be left intact for your heirs.

Transfer *ownership* to UVic

- **Donate a *new* policy**
You can set up a new policy and donate it to UVic, making the university the owner and beneficiary.
- **Donate an *existing* policy**



If you own a policy and no longer need the coverage, you can transfer ownership to the university, thus making it the eventual beneficiary.

Who might give an existing policy to UVic? If you and your partner are parents who took out a policy to ensure your minor children were cared for if you passed away and your children have become adults who no longer require this support, you may no longer need the policy. It would make an ideal charitable gift in your case.

Donation Tax Receipts

Issued for fair market value of policy

If you transfer the ownership of a new or existing policy to UVic, you will receive a tax receipt for the fair market value (FMV) of the policy when you make the transfer.

Fair market value must be calculated by a qualified actuary.

According to the Canada Revenue Agency (CRA) the valuation must take into account the following factors: 1) cash surrender value; 2) the policy's loan value; 3) face value; 4) the state of health of the insured and his/her life expectancy; 5) conversion privileges; 6) other policy terms such as term riders or double indemnity provisions; and 7) replacement value.

Appraising an insurance policy would cost a donor about \$2,500.

Issued for premiums paid

If there are premiums payable on the policy after you have transferred ownership to the university, you will continue to pay the premiums directly to the insurance company. The University of Victoria will give you a donation tax receipt for the full amount of premiums paid after the date of transfer.

Our goal is to ensure your legacy is managed and administered according to your wishes. We can work closely with you and your advisors to capture the true spirit and intent of your donations. The University of Victoria does not provide legal, accounting, tax or financial advice to donors with respect to gifts. Please consult with your financial advisor to ensure your gift is structured in accordance with your personal circumstance and that the related tax implications have been thoroughly considered.

For more information contact **Kristy Colpron**, Manager, Legacy Giving and Estate Administration

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