

INSURANCE - A VALUABLE TAX TOOL

Why not consider buying a life insurance policy and naming TB Vets as the beneficiary? In this way, your estate will receive a donation credit when you pass away. Alternatively, you could consider transferring ownership of an existing life insurance policy that you own to TB Vets. This will entitle you to a donation tax credit equal to the policy's cash value, plus any premiums you pay on the policy afterwards.

But one idea that may have great appeal for you is to combine a life annuity with a new life insurance policy that you assign to TB Vets. The enclosed chart gives outlines the benefit to you of doing this. It compares using this charitable life insurance/annuity strategy versus keeping your funds invested in GIC's (and assuming a 4% return on them before taxes). The end result is that this person's rate of return increased to over 8%!

\$100,000 CHARITABLE INSURED ANNUITY – A RETIREMENT PLANNING STRATEGY		
Versus a \$100,000 GIC paying 4% -- 32% Marginal Tax Rate		
	4% GIC	Insured Annuity Charity Maximizer
Gross Income	\$4,381.43	\$9,118.56
Income Tax Payable	(\$1,402.06)	(\$475.19)
Charitable Tax Refund*		\$2,475.17
Net Income	\$2,979.37	\$11,118.54
Insurance Cost (Charity)		(\$5,664.00)
Disposable Income	\$2,720.00	\$5,454.54
GIC Equivalent %	4%	8.02%
% Increase in Income		101%
* Includes estimate of charitable tax credit. \$100,000 Insurance is gifted to Charity and you receive an enhanced after-tax income. Accountant verification required. Annuity Income is based on current rates and is not guaranteed, as it will be based on the date of annuity purchase.		

Why not get in touch with Rhona to see if this charitable giving strategy has value for you too!

Next Issue: “Why you should have a “Personal Care Plan””

Questions? Ask Rhona

Please talk with a professional advisor to see what options are best for you.