



A bigger impact  
that is cost-effective



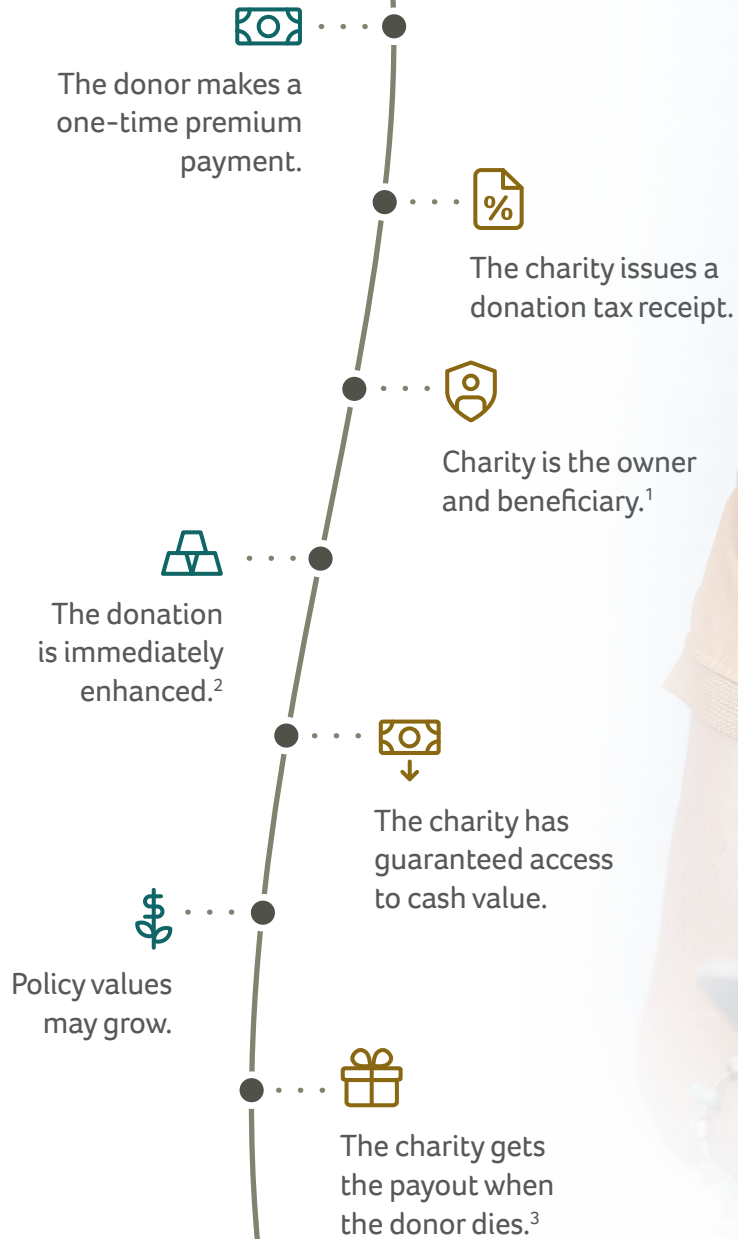
# Canada Life My Par Gift

Want to make a big impact and add value to your community? Charitable giving using life insurance can help.

Canada Life My Par Gift™ is a simple, single premium, participating life insurance designed for charitable giving.



# How it works



1 It is important to note that any withdrawals or unpaid loans will decrease the size of the charity's payout.  
2 You are the insured person.

3 In unique cases, the initial insurance amount may be smaller than the one-time premium payment.



## Corporate case study

### Using appreciated securities to offset capital gains on real estate sales

Meet Gillian, 55, and her husband, Ralph, 53. They're shareholders of a successful real estate development company called GS Developers.







They're approaching retirement and recently sold \$10 million in corporate assets, which triggered a \$1.25 million taxable capital gain.

GS Developers decides to donate \$2.5 million to a national registered charity to benefit their community and to help offset taxes from its real estate sales. As part of their donation, they ask the charity for naming rights for a building – but are told they have to donate a minimum of \$8 million to achieve this.

Their advisor suggests a Canada Life My Par Gift™ policy with the enhanced coverage dividend option, which extends their donation further (\$8.8 million versus \$4.7 million), meeting the naming recognition threshold.<sup>1</sup>

GS Developers will be donating securities in-kind, with a large unrealized capital gain, so they won't realize a taxable capital gain at the time the securities are disposed of. The registered charity will provide GS Developers with a donation tax receipt for \$2.5 million.

Once donated, the registered charity will liquidate the donation to pay the single premium for a My Par Gift policy.

	<b>Value of donated shares, no tax cost</b>	<b>\$2.5 million</b>
	Tax savings from donation	\$1.4 million
	After-tax cost of donation	\$1.1 million
	Credit to capital dividend account	\$500,000
	<b>Cash value at year 17</b>	<b>\$4.7 million</b>
	<b>Payout at death at year 37</b>	<b>\$16.2 million</b>



#### Fair market value - securities

\$2.5 million with a cost base of \$2 million



#### Capital gain (zero inclusion rate)

\$500,000

Note: Any withdrawals or unpaid loans will decrease the size of the cash value or the charity's payout at death.

<sup>1</sup> Values based on female non smoker, age 55, standard risk class and male, non-smoker, age 53, standard risk class, joint-last-to-die, \$2,5 million single-premium payment, Canada Life My Par Gift, maximum enhanced coverage lifetime guarantee dividend option, using the 2023 dividend scale effective July 1, 2023. Dividends are not-guaranteed. Amounts rounded for illustrative purposes. Assumes payout at death occurs at policy year 37.

## Donation to registered charity could increase by **14 times by using My Par Gift**

(\$1.1 million after-tax cost versus \$16.2 million payout at death).<sup>2</sup>

### Results

- ✓ Donation offsets capital gains on real estate asset sales.<sup>3</sup>
- ✓ \$2.5 million donation translates into an immediate enhancement of \$8.8 million to the charity.
- ✓ GS Developers receives naming recognition with the charity and their community.
- ✓ Capital dividend account (CDA) increase of \$500,000 to GS Developers.
- ✓ Neither Gillian and Ralph, nor their advisor or the charity need to do anything else with their My Par Gift policy. Everything is in force and the charity could receive a \$16.2 million payout when the surviving insured dies at year 37. However, the registered charity can access the policy's cash value as early as the first policy anniversary.

<sup>2</sup> Tax savings from donation included in the internal rate of return. Corporate funding to a charity owned My Par Gift policy using public company shares valued at \$2.5 million. Adjusted cost base of shares \$2 million, corporate tax rate 50%.

<sup>3</sup> Assuming the corporation has other significant sources of taxable income to fully use the donation deduction in the current year.

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an impact  
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