

Policy Number: ACBEEDWEEDD

Policy Period: Jan 10, 2019 to Mar 10, 2021

## **Life Insurance Policies**

Life insurance is the most widely held investment in Canada and, because of special tax treatment to life insurance policies; it is an excellent gift planning choice.

You can make a gift of life insurance by naming our Foundation as your beneficiary in a new or existing policy.

### **Benefits include:**

- By paying small premiums during your lifetime, you can build a sizable gift for the future.
- It's tax deductible. You can either receive donation receipts equal to the premiums you pay each year, or your estate can receive a donation receipt upon your death.
- Your estate is protected, since life insurance is considered separate from your estate.

It is always best to include your trusted advisors and family when make changes to your estate plan.

## **Gift of an Existing Insurance Policy**

You can transfer an existing policy by naming the Foundation the owner and beneficiary. If the policy is paid up, either you or the Foundation do not need to pay additional premiums. The tax receipt is issued for the cash surrender value of the policy plus any accumulated dividends and interest at the time of the transfer. If you continue to fund future premiums, these amounts will also be eligible for the donation credit.

## **Gift of a New Policy**

Some donors choose to take out a new policy with the Foundation as owner and beneficiary. It is important that the Foundation is both the owner and the beneficiary. If the charity is not made the owner, Canada Revenue Agency states that no gift will have been made, and no tax receipt can be issued. Under this type of arrangement, each year you pay the premiums, and the Foundation issues an annual tax receipt for these premiums. The insurance proceeds will be paid directly to the Foundation upon your demise.

## **Other**

In addition, there are creative options for using life insurance proceeds as wealth replacement vehicles, replacing the value of a current gift in your estate so there is no impact on heirs.

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### **Sample Conflict of Interest Policy**

*Sample policy language can streamline the policy adoption process and is a good starting point. But it is never a good idea to simply insert your organization's name and present the document to the board for approval. The policy MUST be discussed and tailored to reflect your organization's culture and to conform to your other policies.*

*This sample policy is distributed with the understanding that VLAA is not engaged in rendering legal or accounting counsel. We urge you to seek professional services to address your specific concerns.*

#### **I. Statement of Policy**

A possible conflict of interest exists when a director has a material personal interest, either direct or indirect, in a proposed transaction involving this organization. When a director has an interest in a transaction being considered by the organization, the director should disclose that conflict before the board of directors or staff member takes action on the matter. Any board member having a conflict of interest will not vote or use his or her personal influence on the matter and will not be present when the matter is discussed by the board. The minutes of the meeting will reflect that a disclosure was made, and the abstention from voting.

This policy also will apply to immediate family members, the organization's committees, and its volunteer association. Directors, committee members, staff members, and officers of the volunteer association will be required to attest annually to their familiarity with this policy and to provide information concerning any possible conflict of interest so that disclosure, if necessary, is made.