Charitable Giving with Whole Life Insurance:

Why The Affluent Love This Strategy

If you've reached a certain level of success in your life, you already understand the value of making strategic decisions that last. Charitable giving with whole life insurance is one of those powerful strategies that allows you to leave a profound legacy — one that can extend your impact far beyond your lifetime. Many wealthy individuals use this proven approach to shape their personal and philanthropic future. And they do it because it offers a meaningful way to leverage their wealth to support causes they believe in while creating substantial tax efficiencies. Let's explore how this works, the different ways to structure the policy, and why so many successful Canadians choose this path.

Why Whole Life Insurance?

Whole life insurance offers a guaranteed death benefit that grows tax-sheltered. Unlike other assets like real estate or investments, you can control the benefit amount precisely. Many wealthy individuals use it for charitable giving because: - It can create a larger donation than they could otherwise make. - It provides flexibility to structure tax benefits for themselves *today* or for their estate *tomorrow*. - Premiums can often be leveraged into charitable tax credits.

Three Ways to Structure a Charitable Whole Life Policy

1️⃣ You Own the Policy and Name the Charity as Beneficiary

You pay the premiums and retain ownership of the policy during your lifetime. When you pass away, the death benefit is paid directly to the charity you named.

Tax Impact: - No tax credits during your life because you remain the owner. - However, the death benefit will generate a charitable tax credit for your estate, creating tax savings that can reduce estate tax.

Why choose this? If you want control — including the flexibility to change the charity at any time — this is the most straightforward option.

2️⃣ You Donate the Policy Itself to the Charity

Here, you transfer ownership of a new or existing policy to the charity. The charity becomes the owner and beneficiary going forward.

Tax Impact: - Premiums paid *after* the transfer qualify as charitable donations, generating tax credits annually. - If the policy already has cash surrender value at the time of transfer, that value also qualifies as a charitable donation up front.

Why choose this? If you want tax credits every year and would like the charity to receive the full benefit without your estate being involved, this setup works well.

3️⃣ The Charity Purchases the Policy and You Pay the Premiums as Donations

Here, the charity applies for and owns the policy, and you simply donate the amount needed for premiums annually.

Tax Impact: Each premium you pay is treated as a charitable donation. You receive tax credits each year to reduce your tax payable.

Why choose this? This simplifies everything — you support the charity annually with tax credits along the way, knowing they will receive a substantial death benefit later.

Tax Efficiency and Estate Planning Benefits

Ontario residents receive both federal and provincial tax credits for charitable donations — often around 40–50% combined. Whole life insurance enhances this impact by turning your premiums into recognized charitable contributions or tax credits, allowing you to give more while lowering your tax burden. Plus, it bypasses probate, ensuring privacy and protecting your estate value for your heirs.

That's why affluent people appreciate this strategy: they make a larger charitable impact, reduce their tax liabilities, and preserve their estate value all at once.

Ready to Explore How Whole Life Insurance Can Help You Grow Your Legacy? Every situation is unique, so it pays to get personalized guidance. Let's chat to review your options and craft a plan that matches your legacy goals.