



## **Appendix A: Life Insurance Acceptance Policy**

### **A.1 Irrevocably assign ownership of a life insurance policy to GiftPact**

When ownership of an existing life insurance policy is irrevocably assigned to GiftPact, GiftPact becomes the owner and beneficiary of the policy. The donor is entitled to a donation receipt at the time of the ownership change, for the fair market value of the policy. The donor is also entitled to a donation receipt for premiums that will be paid by the donor on the policy.

*Fair Market Value:* The donor must obtain an independent actuarial valuation of the fair market value of the gift prior to assigning ownership of a policy.

- If the donor has owned the policy for more than three years, the donor will be entitled to a donation receipt equal to the fair market value as determined by the valuation.
- If the donor has owned the policy for less than three years, or if the donor has owned the policy for less than ten years and GiftPact has determined that the policy was acquired with the intention of making the contribution, the donor will be entitled to a gift receipt equal to the lesser of the fair market value as determined by the valuation and the adjusted cost basis of the policy.

GiftPact encourages each donor considering this option to consult with independent legal and/or tax advisors of the donor's choice to ensure that the donor receives a full and accurate explanation of all aspects of the proposed gift. An irrevocable assignment of ownership will be considered a taxable disposition.

### **A.2 Name GiftPact as the owner and beneficiary of the proceeds of a new life insurance policy.**

When GiftPact is named as the owner and beneficiary of a new policy, the donor does not require an actuarial valuation. However, the donor must make arrangements with GiftPact to fund the annual premium payments, and will be entitled to a donation receipt for the premiums paid by the donor on the policy. See Donation of Life Insurance Agreement: Schedule of Payments

### **A.3 Name GiftPact as a primary or successor beneficiary of the proceeds of a new or existing life insurance policy.**

When GiftPact is named as a beneficiary, the donor remains the owner and GiftPact becomes the beneficiary of the policy. The donor is not entitled to a donation receipt during their lifetime. The donor's estate will be entitled to the donation receipt for the amount of insurance proceeds received from the insurance company. This donation should be recorded in the donor's Donor Advised Fund files, along with the contact information for the donor's executor and insurance advisor.

#### **A.4 Fees and Related Costs for Donation of Life Insurance**

The following are the fees and costs for a donation of a new or existing life insurance policy:

New Policy set-up Fee: \$1,000

Existing Policy Fees: up to \$2,500 plus the cost of an actuarial evaluation and other costs

Annual Fee: \$500 for the duration of the policy

Death Claim: \$2,500 plus any related costs

Fees and costs are subject to change.

**A.5 Premiums:** If the policy is not fully paid up, the donor must make arrangements with GiftPact to fund annual premium payments as agreed to in the Schedule of Payments attached to the Donation of Life Insurance Agreement. The donor may:

- Make a donation to GiftPact to pay the annual premium. GiftPact will then make the payment to the insurance company for the premium and issue a donation receipt to the donor in the amount of the premium; or
- Make the premium payment to the insurance company directly. GiftPact will then issue a donation receipt to the donor (or the payor) when confirmation of the premium payment has been provided by the insurance company. The Donor must notify GiftPact that the annual premium has been paid directly.

If, after notice from GiftPact, the donor is unwilling or unable to make the ongoing premium payments, GiftPact reserves the right to fund the premium payments from the donor's Donor Advised Fund. If the Donor Advised Fund is insufficient for this purpose, GiftPact reserves the right, in its sole discretion, to either surrender the policy for its cash surrender value which proceeds it would add to the Donor's DAF, or continue to fund the policy from its own funds and hold the policy until death, in which case GiftPact can use the insurance proceeds for any purpose it deems appropriate and in all cases will act reasonably.