

## GRANDFATHER'S CHARITABLE LEGACY

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When Pa Philein passed his family business onto his son after 20 years, it was more than just a company. Pa passed on a legacy of honesty, integrity and hard work that earned him the respect of the community. Pa wants to transfer his values and philanthropic vision much the same way. Rather than just make a donation to charity, Pa wants to create an opportunity for his family to know the rewarding experience of giving back to the community.

Pa can commit \$10,000 annually to charitable giving. He is looking for an opportunity to invest, rather than just give. This way, his son, his grandchildren and generations to come, will appreciate the family legacy.

At a cost of \$10,000 per year, Pa purchases a joint and last to die life insurance policy valued at \$450,000. The policy insures not only Pa, but also Dad Philein. In the event of Pa's death, Dad is the contingent owner and last insured. When Pa dies, the policy pays the cash surrender value, which is then donated to charity. If Pa paid premiums for 10 years before his death, the cash surrender value would be approximately \$69,000. Dad remains insured, but the premiums are no longer required.

Upon Dad's death, the policy pays out the death benefit of \$450,000 tax free, to his estate. The estate, in turn, makes a donation to charity. The charitable contribution, totalling \$519,000 (\$69,000 cash value plus \$450,000 death benefit), is made to The Philein Family Foundation to be managed by the grandchildren and generations to come.

Pa's charitable legacy has profound impact, not only on his family, but the community as a whole. The Philein family stewards this legacy, allocating five per cent annually to the charities of their choice. In just 100 years, or three generations, the initial legacy of \$69,000 would grow to approximately \$1.4 million and result in charitable gifts of more than \$2 million. The total legacy of \$519,000 would grow to more than \$10 million, resulting in more than \$15 million in charitable gifts.

For Pa, the most important feature of this legacy is that it is self-completing. Even if Pa lived only one year after initiating this policy, the premiums cease upon his death. The only impact is the reduced cash surrender value. From the moment Pa creates this legacy, he rests assured the Philein Family Foundation and his philanthropic vision is established.