



Donate, Don't Surrender: What to do when you no longer need your current life insurance policy

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Our lives are arguably the most valuable “possessions” we own and because we are quick to insure our cars and our homes, insuring our lives should be a no-brainer. This being said, it is not uncommon for instances to arise where your current life insurance policy is no longer needed.

The most common reaction to an unwanted policy is to surrender it in order to free yourself from the premium payments. While this seems practical, it is important to consider that even a policy without cash surrender value could have value of another kind, especially if your health has changed.

An alternative option for dealing with an unwanted policy is to donate it to a charity. With the assistance of an actuary who would determine the value of your policy, you are able to donate your insurance policy to a registered charity. Through this donation the charity becomes the owner and beneficiary of the policy and you, the donor, will receive a donation receipt for the value of the policy. If you continue to pay premiums on the policy you will also receive a donation receipt equal to the premiums paid.

This method of gifting allows you to use donation tax credits over your lifetime so that you can receive benefits while no longer owning the policy you have no use for. Speak to your life insurance advisor to determine if donating, not surrendering, will work for you.