



Transfer of life insurance to a child from both parents

The transfer of a policy to a child can be done on a rollover basis (i.e. at the policy's adjusted cost basis) if the requirements of subsection 148(8) are met. Several prior As a Matter of Tax articles have dealt with the specific requirements and language of this section and these rules can be very finicky (see As a Matter of Tax articles from October 2005 - "[More on rollover of a policy to a child](#)"; June 2005 - "[Is a transfer of joint last-to-die policy at death a rollover?](#)"; July 2004 "[No rollover of life insurance to a child where more than one child is insured](#)"; and December 2001 - "[Transfer of life insurance to a child](#)").

Given the prior very literal and close reading of this section, it does not surprise me that this question was posed: "Will a policy that is jointly owned by the parents then transferred to a child qualify for the rollover?"

The CRA confirmed in technical interpretation #2013-048138 dated June 5, 2013 that such a transfer would qualify for the rollover. Subsection 148(8) applies where an interest of a policyholder in a life insurance policy is transferred to the policyholder's child for no consideration and a child of the policyholder is the person whose life is insured under the policy. The CRA stated: "The fact that the policy was jointly owned by the parents prior to the transfer would not, in and of itself, preclude the policy from being transferred at its adjusted cost basis pursuant to subsection 148(8) of the Act."

That would have been my conclusion whether or not the CRA confirmed this because the language of the section specifically references "an interest of a policyholder". That would include one or the other joint owner's respective interest in the policy.

But it is nice to have official confirmation of this point.

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