

A CHARITABLE OPTION FOR LIFE INSURANCE

Because many people already have one or more life insurance policies, using them for charitable gifts can be a convenient option. For example, if your children are grown and financially independent, you have adequate retirement savings and your home is paid for, one or more of your life insurance policies may be obsolete. Or you may have a policy that was purchased to pay estate taxes which may no longer be due because of tax law changes.

You can make excellent use of these policies by giving them or the proceeds they will eventually generate to charity.

Making a life insurance gift

There are many ways to name a charitable beneficiary for all or part of a life insurance policy. The process can be quite simple.

You can make an immediate gift of a life insurance policy by designating a charity the irrevocable beneficiary and assigning all rights or incidents of ownership to the charity. In return, you may be entitled to an income tax deduction based on the value of the policy or premiums paid.

If you still need the policy

You might consider taking out a new policy and naming a charity as owner and beneficiary. With this type of gift, the premiums you pay may be deductible as charitable gifts each year.

Another way to give using life insurance is to purchase a policy to replace other assets given to charity. For example, if you make a charitable gift of cash or other property, you might utilize the tax savings to purchase a life insurance policy to replace the benefits to your heirs.

Benefits

Convenience—It is a simple process to change the beneficiary of an existing policy to a charity or to name a charity as the beneficiary of a new policy.

Tax savings—Significant income, estate and gift tax savings may be available by effectively planning your gift using life insurance.

Privacy—Unlike a bequest in your will, a life insurance policy gift is not a matter of public record.

Flexibility—You can choose to name a charity as a beneficiary of a policy you no longer need for its originally intended purpose, such as the payment of estate taxes. Or, you can purchase a new policy specifically for charitable use.

Benefits to charity

Size of the gift—With a gift of life insurance, we may receive a larger contribution than would be possible if you gave other assets.

Avoiding probate—Your life insurance gift can be put to work sooner because we receive the proceeds of the policy immediately, with no wait for the estate to be settled.

The full amount—Because life insurance gifts are generally not subject to estate taxes or probate costs, we receive all the proceeds you designate.

Learn more

Always check with your advisors for the exact amount of tax deductions and other applicable state laws and regulations before you plan. Please let us know if we can provide additional information about the many benefits of giving life insurance.