

Donor Fact Sheet

Legacy Giving Options: Bequest by Will vs. Community Foundation-Owned Life Insurance

There are many ways to leave a meaningful legacy through your local community foundation. Below is a comparison between two common planned giving options: a bequest by will and a life insurance policy owned by and payable to a community foundation.

1. Bequest by Will

A charitable gift designated in your will to be distributed to a community foundation after your death.

- Advantages
 - Simple to Establish – Easily added to your will.
 - Full Control – You can revise or revoke it at any time.
 - No Cost During Life – No effect on your current finances.
 - Flexible Asset Choices – Can include cash, stocks, or property.
- Disadvantages
 - Subject to Probate – May face delays or reductions due to estate costs.
 - Uncertain Final Value – Depends on estate assets at death.
 - Public Record – Bequests become part of the public estate file.
 - Can Be Contested – Potential challenges from heirs or creditors.

2. Community Foundation-Owned Life Insurance Policy

A whole life insurance policy where the community foundation is both the owner and beneficiary.

- Advantages
 - Guaranteed Gift – Provides a predictable and meaningful benefit.
 - Immediate Tax Benefit – Potential charitable tax deduction for premium payments.
 - Avoids Probate – Death benefit is paid directly to the foundation.
 - Permanent Impact – Creates an enduring legacy with structured giving.
- Disadvantages
 - Irrevocable – Once the policy is donated, you cannot change beneficiaries.
 - Requires Ongoing Premiums – You commit to funding the policy.
 - Medical Underwriting – May be needed to issue the policy.

- Less Flexible – Policy terms are fixed once transferred.

At-a-Glance Comparison

| Feature | Bequest by Will | Foundation-Owned Life Insurance |
|-------------------------|-----------------|---------------------------------|
| Control During Life | Full | None after transfer |
| Flexibility | High | Low |
| Cost During Life | None | Premiums required |
| Gift Certainty | Variable | Guaranteed benefit |
| Avoids Probate | No | Yes |
| Privacy | No – Public | Yes – Private |
| Immediate Tax Deduction | No | Yes (if structured properly) |
| Legacy Duration | One-time | Long-term structured impact |

Which Option Is Right for You?

- If you want to...
 - Keep your options open and incur no immediate cost – Consider a Bequest by Will
 - Create a guaranteed and lasting charitable impact – Consider Foundation-Owned Life Insurance
 - Receive potential tax benefits during your lifetime – Consider Foundation-Owned Life Insurance

Talk to your financial advisor or the foundation's planned giving representative to explore your best fit.