

GIVING TO CHARITABLE ORGANIZATIONS

AN INNOVATIVE APPROACH TO GIFTS OF LIFE INSURANCE

A Powerful Tool to Meet Your Giving Goals

Life insurance has long been used as a financial tool for estate and tax planning purposes. Because the original purpose of the coverage often diminishes over time, individuals sometimes donate unneeded policies to non-profit organizations, such as [The Foundation]. By doing so, donors can give a much larger gift than what they may otherwise be able to provide.



The traditional method of donating an existing life insurance policy is to name the charitable organization as the beneficiary, or the owner of the policy. In either case, the original policy owner is usually responsible for paying the premiums. As time goes by, sometime donors are no longer able to make the premium payments necessary to maintain the gift. In other situations, policies that were intended to be self-funded sometimes require more payments years later to preserve the death benefit.

A New Approach – Life Settlements

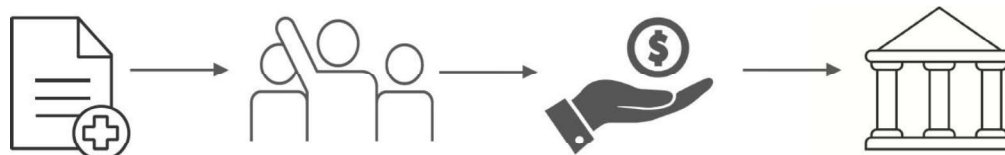
A policy owner can sell an existing life insurance policy (even term insurance) that is no longer needed or wanted to a licensed, institutional buyer. If a competitive bidding process is used, the policy owner will receive the highest possible offer for their policy. They can then use the funds in any way they wish – including donation of all or a portion of the proceed to the [The Foundation].

DONOR BENEFITS

- Good use of an asset that is no longer needed
- Substantial gift without using other assets
- Applicable tax deductions (consult tax advisor)
- Reallocate premiums to other purposes

Start the Conversation Today

- Did you know life insurance can be appraised and valued, like any other asset, for fair market value?
- Have you had your life insurance policy appraised?



CREATING A LIVING LEGACY

Making Something Out of Nothing

As a successful and prudent business owner, Richard purchased a \$2 million term life insurance policy to protect his business in case he passed away. At the age of 72, and in the process of retiring, he realized his 20-year term policy was nearing the end.

Term policies carry no cash value. Most people stop paying premiums and allow the policy to end. The other option is to pay to have the policy changed to permanent coverage. Often the cost to do that is unaffordable, and the coverage is lost.

An appraisal led to an unexpected \$630,000 windfall to the policy owner. Richard chose to donate a significant portion to fulfill his giving goals.



IS YOUR POLICY A CANDIDATE FOR A LIFE SETTLEMENT?

- Death Benefit: \$100,000 - \$50,000,000
- Insured age: 65 or older
- Decline in health since the policy issue date

Any policy type can qualify: Universal Life, Guaranteed Universal Life, Convertible Term, Second-to-Die



Preventing the Tragic Loss of Intended Legacy

James purchased a \$3 million life insurance policy to ensure financial support for his family in the event of his passing. As the years went by, he realized the need for the coverage had diminished as his children became adults. Because the original need was no longer there, and the policies were being funded by existing cash value, James donated the policy to a beloved charity.

Years later, at the age of 79, the cash value was dwindling, and he was living longer than anyone projected. Facing increasing premium payments neither James, his family, nor the charity could afford to pay, the charity considered letting the policy go for the remaining cash value of \$50,000. A member of the advisory team suggested an appraisal before making a final decision.

The appraisal uncovered significant value. Through a life settlement, \$800,000 of cash was created for the immediate needs of the charity. This was more than the charity typically raised at their annual gala. The donor was recognized for his tremendous gift while he was still living.