

Charitable Giving With Life Insurance

Americans are generous people and many regularly contribute to charities and non-profit organizations. People choose to give to charities for many reasons, most of them personal. Often, however, charitable giving provides help to those less fortunate than ourselves. Life insurance can be a particularly versatile and valuable asset to help you give to your favorite charity because it may help you make a more substantial contribution than might otherwise be able to afford.



There are several methods for including life insurance in a charitable gift plan, some more complicated than others and each with its own potential advantages, disadvantages and tax implications. Keep in mind: The gifting technique appropriate for you depends on the size of your estate, the make-up of your assets, your current estate plan and a number of other factors. Consult your tax advisor before proceeding.

Here are two of the more popular life insurance gifting techniques:

- **Giftting or donating a policy** — Many people find that their life insurance needs decrease over time. If you have more life insurance than you expect to need, you may want to consider donating a policy to a charity. Gifting or donating a life insurance policy can greatly reduce the donor's taxable estate which can save thousands of dollars in estate taxes for upper-income taxpayers.

In order to realize the full benefit of this gift, you must make sure that you retain no "incidents of ownership." For example, you must actually deliver the policy into the possession of the charity, and you must assign all rights in the policy to the charity, making it the owner of the policy as well as its beneficiary and giving it sole control over the policy's cash value. Discuss this gifting technique with your tax advisor so you can decide if this approach is appropriate for you.

- **Naming a charity as beneficiary** — Naming the charity of your choice as the beneficiary of your life insurance policy may be the simplest way to provide the charity with the death proceeds of a life policy. You simply pay your monthly premiums and, upon your death, the full face value of your policy is contributed to that organization as a charitable gift. Again, consult with your tax advisor before proceeding to be sure you understand this approach to gifting.

A Lasting Legacy

When you gift a policy outright or name a charity as beneficiary, you can provide the charity of your choice with a large sum of money that can help to provide a lasting legacy for a cause that you believe in. For more information on the use of life insurance as a gifting tool speak with your tax or legal advisor. If you decide to purchase a life insurance policy please call me — I can work with you so you are sure that you have the coverage you want.

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