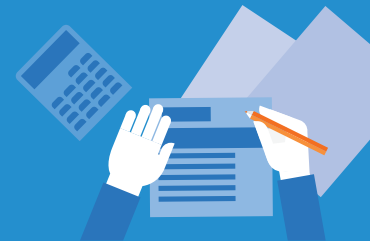


Prepared for:

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Presented by:



Life Insurance as Alternative to a Charitable Bequest

Many people own a life insurance policy that no longer fulfills the purpose for which it was purchased. For example, a policy may have been purchased to provide for minor children should their parents predecease them. However, now that the children are grown and self-sufficient, the policy is no longer needed.

The policyholder(s) might consider making a charitable gift of the life insurance policy rather than surrendering it or allowing it to lapse. The donor can provide a significant bequest to a favored organization, in lieu of leaving other assets.

Advantages of Life Insurance Gifts

Making a charitable gift with a life insurance policy offers many advantages not offered with charitable bequests:

- The gift avoids the costs and delays of the probate process. (Probate is the legal proceeding in which an estate is administered.)
- The donor may make an anonymous charitable gift. (In comparison, wills in probate are open for public inspection.)
- The gift is less likely to be contested by disgruntled heirs.

Making an “Amplified” Gift

Making a charitable gift of life insurance allows the donor to leverage the amount of the gift. The donor makes small premium payments, and the charity ends up with a substantial gift of the policy proceeds. The death-benefit-to-premium-paid ratio is very beneficial, allowing the donor to make a larger charitable gift than through other means, such as charitable bequests.



Retain Estate Assets

Making a charitable gift of life insurance allows the donor to retain assets needed or expected by beneficiaries, such as real estate, tangible personal property or family businesses. Or estate assets are earmarked for charitable bequests; beneficiaries can be “made whole” with life insurance that replaces the assets that are left to charity.

Income Tax Advantages

Some charitable gifts of life insurance offer the donor income tax advantages not available for charitable bequests. For example, if a donor makes an outright gift of an existing life

insurance policy to charity, the gift will qualify for a federal income tax charitable deduction. Any premium payments for the policy subsequently made by the donor provided to the charity may also create a federal income tax charitable deduction.

Less Expensive and Time Consuming

Making a charitable bequest may require the expense and time of hiring and meeting with legal counsel. In comparison, making a charitable gift of life insurance is simple and inexpensive. The insurance company has forms to assign ownership of the policy to charity, and will carry out the paperwork without charge.



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