



The Wonders of Life Insurance

A Philanthropic & Wealth Replacement Tool

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A donor wants to give a life insurance policy to our charity!

Now what do I do???



Questions to ask

- What does our Gift Acceptance Policy say we need to do?
- What type of policy is it?
- Do premiums need to be paid? If so, by charity or donor?
- Are there loans against the policy?
- Has a 3rd party evaluated the policy?
- What's the carrier's strength?



Life Insurance Policy Valuation

Must be done by a disinterested actuary or appraisal firm – not an agent. (ask for a “712”)



Ways to give Life Insurance

- 1) Name charity as a beneficiary
- 2) Make charity both owner and beneficiary
- 3) Give other assets to charity and use Life Insurance as wealth replacement for heirs
- 4) Set-up a Charitable Gift Annuity and reinsure it with a commercial annuity and life insurance



General Tax Deductibility

Life Insurance gifted to a public 501(c)(3) charity is tax deductible to the donor at the lower of cost basis (premiums paid) or cash value, up to 50% of AGI.

(ALL donors should consult their tax advisor for details)



**Does our charity have to keep
the policy we own on a donor's
life?**



What could go wrong?

- Carrier health, expenses, internal timeline
- Falling interest rates
- No insurable interest
- Bad valuation
- Tax consequences to donor and org
- Donor has incidence of ownership or lien on the policy
- Premiums don't get paid or are too expensive



Resources

- **Planned Giving Design Center:**
www.pgdc.com/pgdc/charitable-gifts-life-insurance
- **Brian Clontz**
- **Tamar Fink**
- **A trusted local Life Insurance Agent who has experience facilitating such gifts.**



Annual Review

**File & Forget? . . . NO WAY!
Please have a qualified
insurance professional look at
your policies annually to ensure
all is in good standing.**