

OCTOBER 2007

## LIFE INSURANCE AND CHARITABLE PLANNING

Supporting those organizations and causes that make life possible — or richer — is more important today than it has ever been.

We Americans really care about just that — helping others — and we're doing it!

Used properly, life insurance can provide almost astounding leverage for accomplishing charitable dreams and assuring the long-term mission of your favorite charity.

Here are ten reasons some authorities consider life insurance the “ultimate endowing tool:”

1. **DEATH BENEFIT ASSURED:** A life insurance policy provides a guaranteed death benefit. The charity's receipt of a given amount is certain — assuming premiums are paid. This should be compared with a gift of real estate or marketable securities or other assets where wide fluctuations in value are possible.
2. **A “RIGHT HERE, RIGHT NOW” GIFT:** Assuming premiums are paid and the policy is owned by your favorite charity, the institution has, rather than a “maybe someday” gift that might never be made, a “right here, right now” gift.
3. **VASTLY AMPLIFIED GIFT:** Life insurance provides an “amplified” gift. Because a relatively small amount of premiums can translate to a large and meaningful gift, incredible leverage is possible. The ratio of death benefit to premiums paid can be astoundingly favorable, typically many times more than

the charity would otherwise receive under a nonlife insurance gift.

4. **“IMMORTALITY ON THE INSTALLMENT PLAN:”** Because almost anyone, regardless of economic station, can assure a meaningful and significant gift, a potentially much larger gift to charity than by other methods, life insurance can legitimately be considered a way to obtain “immortality on the installment plan.”
5. **“100 CENT DOLLARS:”** Life insurance involves none of the cost, delay, or uncertainty of probate. It is cost efficient and, because there is no “slippage” due to federal estate or state death taxes, state or federal income taxes, administration or estate settlement costs, or any legal, accounting fees or other charges, it in essence provides “100 cent” dollars to charity.
6. **NO CONTEST:** Because of the contractual nature of life insurance and the fact that it passes outside of a person's probate estate, there is only a scintilla of a chance the payment of life insurance owned by and payable to a charity could be successfully contested by disgruntled heirs. Nor can a surviving spouse intercept the policy proceeds payable to a charity. A spouse may elect against a will or even successfully contest it — without affecting a charity's claim to life insurance policy proceeds — since that money passes directly by contract to the charity.
7. **CREDITOR PROTECTION:** Under most states' creditor laws, life insurance is

generally accorded a greater level of protection against creditors than other assets.

- 8. **CASH VALUES AVAILABLE:** As soon as cash values develop in the policy, your favorite charity, as policy owner, has the right to borrow or use those policy cash values. As owner, the charity can use policy values for emergencies, opportunities, or for any other reason at any time. These cash values are obtainable almost instantly once they develop in the policy.
- 9. **CONFIDENTIAL GIFT:** Life insurance can be publicity free. So the size and even the existence of a life insurance gift to charity can be completely confidential — regardless of the amount concerned — because of the contractual nature of life insurance.

- 10. **LEVERAGED HONOR:** Amplified recognition (“leveraged” honor) is possible if publicity is desired. For example, a “millionaire’s club” can be formed to announce each purchase of a policy with a “face value” (initial death benefit) of \$1,000,000 or more.



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