

Gifts of Life Insurance: Using Life Insurance for Community Good

As the economy continues the long road to recovery, you may still feel the need to take a cautious approach to your charitable giving. But what if you could maintain your current assets while making a sizable gift to benefit the community? Sounds too good to be true, right? This is possible through the gift of life insurance.

Who should consider making a gift of life insurance?

Life insurance gifts are a great option at many different stages in your life. If you are a young adult drafting your first will or estate plan, you may not have acquired significant assets for charitable giving. Obtaining life insurance with a charitable gift in mind allows you to pay a small premium while providing a significant gift later down the road to the not-for-profit of your choice.

If you are older, you may no longer need the policies you previously purchased, because your needs have changed. This could include a policy to protect a spouse who no longer needs it or to provide for young children who are now financially independent. Perhaps you purchased a policy to complete the payment of a mortgage or to protect your business. You obviously no longer need these policies if the mortgage is paid off or the business no longer exists. Excess insurance provides a wonderful opportunity for charitable giving.

What kinds of policies can be used for charitable gifts?

Common policies include term life, whole life, universal life and variable life. Term life is the most popular plan on the market because it's relatively inexpensive. Term life insurance can be used to start a charitable gift, but generally gets more expensive as you get older. It may be more appropriate to get a plan more permanent in nature, like a whole life or universal life plan, if you are considering using it for charitable purposes.

Why would someone choose this planned giving option?

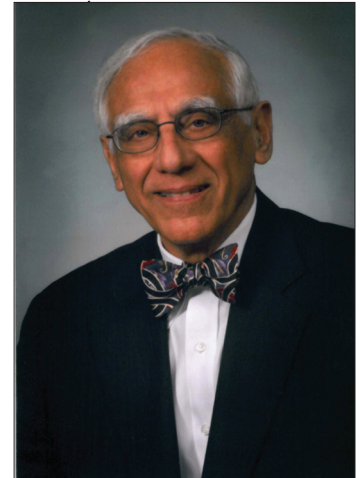
A gift of life insurance allows you to leverage your gift because a small premium investment can result in a large gift to the organization or organizations you choose to support. In cases where you make the Community Foundation the owner of the policy rather than simply the beneficiary, you would even be able to take an income tax deduction for donations of the annual premium payment to the Community Foundation so that the policy can be maintained.

This is also a very simple planned giving tool. Making this type of gift only requires purchasing a policy and listing one or more nonprofits as beneficiaries. If you list the Community Foundation as the beneficiary, you can notify them of your charitable interests and intent while you are living and they will create a separate component fund to carry out your wishes in perpetuity.

There's a great deal of flexibility with a life insurance gift. You may give 100 percent of a plan to your favorite not-for-profit, or you may opt to divide it equally among several of your favorite organizations. You also have the option of making a charitable gift contingent on your other needs being met first. This allows you to take care of yourself and your loved ones and leave what's left to the organizations you care about most.

To learn more about gifts of life insurance or other planned gifts, please visit www.cnycf.org or contact the Community Foundation at (315) 422-9538.

Giving
Matters



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