

Life Insurance Gifts

A common “hidden asset” for giving is the life insurance policy that is no longer needed for its original purpose. Let’s assume that your family has grown and that there is no longer a real necessity for retaining a \$50,000 policy purchased many years ago. The policy has a cash value of about \$20,000. You can make a charity the owner and beneficiary of the policy and continue to pay the premiums. You’ll gain an immediate tax savings of \$7,000 (a \$20,000 deduction at an assumed 35% income tax rate). And you’ll gain additional tax deduction savings for the premiums you pay in future years. These savings can pass to your beneficiaries. And the full \$50,000, with no reduction for the estate tax, will be available to the charity to benefit future generations.

To make a life insurance gift, ask the insurance company for forms that will change the beneficiary and ownership designations, and send the charity the policy and forms.

Information and text of this document courtesy of AXA/Equitable Charitable Planning Guide
Please contact your financial advisor for the most up to date information.