

In a perfect world we wouldn't need to have charitable organizations that support protecting our environment, feeding children or fighting cancer or heart disease. I dearly wish we lived in this type of world. The truth is we don't and many worthwhile organizations require financial help to continue their good works. So how do we help these causes without hurting ourselves in the after tax world that solid financial planning requires?

Well we have several options: Direct donations each year certainly help out and provide much needed cash flow to the charity and an annual tax break to the donor. But how can we leverage this donation to provide a legacy that goes far beyond what we thought we could give? Well Life insurance is one option that is available to us. You can give a gift of a life insurance policy to a charity. You can purchase the insurance yourself and name the charity as beneficiary. Or, you can own the policy yourself and name your estate as beneficiary and provide direction in your Will to gift the funds. You may also choose to make the charity the owner of the insurance policy outright with you paying the premiums on the charity's behalf. Each of these options provides the charity with the policy's proceeds when you die.

The leveraging effect comes from the premium (or cost) of the life insurance. An example of this leveraging is when a client makes annual or monthly donations to a charity. The charity can use these funds to help support the work they do and there is a positive impact for the charitable cause. However, if we use the same donation funds they can be used to provide a much larger gift or legacy to the charitable organization and provide for a much larger impact for that organization.

Let's take a look at Betty, age 64. She could opt to pay the premium on a life insurance policy of \$208 per month to cover a \$100,000 life insurance plan. In this way she will provide a guaranteed gift to the charitable organization and provide herself with valuable tax benefits.

The vehicle used to get us to the legacy destination is life insurance. It can be structured with guaranteed premiums, guaranteed charity benefits, and significant tax benefits. We know we will pass on some time in the future. It is nice to know we can structure our affairs in such a way to provide a legacy to those who follow behind us. Please contact our office if you have any questions regarding charitable giving and your estate plan to explore these possibilities.