

GIFTS OF LIFE INSURANCE

UPDATED NOVEMBER 2016

Life insurance has long played an important role in charitable giving. Whether you donate an older policy that you no longer need, take out a new policy to fund a major charitable project or settle on some other arrangement, life insurance offers a unique way to leverage relatively modest annual payments into a sizable charitable gift. The following methods are the most common for using life insurance to support a fund at Seattle Foundation.

NAME SEATTLE FOUNDATION AS YOUR SUCCESSOR BENEFICIARY

You may currently own a policy naming your spouse or another individual as the beneficiary. You could name Seattle Foundation as the successor beneficiary in the event this person predeceases you. While this option offers no immediate tax benefits, it does have the advantage of removing the life insurance proceeds from your taxable estate.

NAME SEATTLE FOUNDATION AS PRIMARY BENEFICIARY

If you purchased a policy several years ago but your chosen beneficiary no longer needs the protection, you can designate Seattle Foundation to receive the benefit. Under this option, your estate would receive a charitable deduction and the death benefit would pass to the Foundation tax-free.

DONATE AN EXISTING POLICY TO SEATTLE FOUNDATION

If you have an older insurance policy which you no longer need and would like a current income tax deduction, you can donate it to Seattle Foundation. As long as all of the rights of ownership are transferred to the Foundation, you will receive a current income tax deduction. Examples of policies that may no longer be needed:

- Business insurance after the business has been sold
- Income replacement insurance after you have retired
- Estate insurance when your estate is no longer subject to estate tax
- Mortgage insurance after the mortgage has been repaid

PURCHASE A NEW POLICY AND DONATE IT TO SEATTLE FOUNDATION

You can purchase a new policy on your life and name Seattle Foundation as the owner. The premiums are paid annually by your contributions to the Foundation, which are deductible. In the event you cease paying the annual premium, the Foundation reserves the right to cash in the policy or convert it so that it provides paid-up coverage.



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PURCHASE A LIFE INSURANCE POLICY FOR WEALTH REPLACEMENT

A Wealth Replacement Life Insurance Trust is a special type of irrevocable life insurance trust that creates tax-free life insurance dollars for your beneficiaries upon your death to replace assets that you gave to charity during life. With proper structure and procedures, transfers to the trust to pay premiums are not subject to gift tax. Distributions of death benefits through the trust to your heirs should not be includable in your taxable estate.

FOR MORE INFORMATION ABOUT USING LIFE INSURANCE TO ACHIEVE YOUR CHARITABLE GOALS, PLEASE CONTACT SEATTLE FOUNDATION'S PHILANTHROPIC SERVICES TEAM AT 206.515.2111 OR PHILANTHROPICSERVICES@SEATTLEFOUNDATION.ORG.

Please note that the information contained herein is not intended to provide specific legal or financial advice and should not be relied upon as a substitute for such professional advice. Seattle Foundation encourages you to seek professional legal, estate planning and financial advice before deciding on a course of action.