

Life Insurance Policies



A gift of **life insurance** can be a particularly economical way to provide significant support for your favorite charitable causes during lifetime.

Giving life insurance may be appropriate if ...

- You are purchasing a new policy, or your existing policy is paid up or has substantial cash value.
- You have no outstanding loans against the policy.
- Your loved ones are well-provided for by other means.

What benefits will I enjoy?

A lifetime gift of a new or existing policy may allow you to provide greater support than you might have expected to your favorite causes. You may be able to purchase substantial coverage at reasonable rates, effectively creating a charitable legacy on an installment plan. Or you may no longer need coverage that was originally intended to protect a young family or to cover financial obligations that have since been satisfied: your coverage can now be used to support special charitable causes, and can even provide you with lifetime income through a charitable gift annuity. You will receive a charitable deduction when your insurance policy is transferred. That deduction will be equal to the lesser of the policy value (either replacement or cash surrender value) and your basis in the policy (generally, the total amount you've paid in premiums over the years).

If your policy is not paid up, you may make additional contributions to the Foundation to cover future premium payments. You may claim additional charitable deductions when those future gifts are made, and may garner additional tax savings by giving appreciated securities instead of cash.

How do I make a lifetime gift of an insurance policy?

If you are purchasing a new policy, the Foundation will work with you and your insurance advisor to complete the appropriate paperwork and to submit the initial premium payment.

If you are making a gift of an existing policy, you will need to request a transfer-of-ownership form from your insurance company. We recommend completing a new change-of-beneficiary form at the same time, to ensure that your intended gift will be made even if something should happen to you before the company finishes processing the transfer. Because you must pay tax on any outstanding policy loans at the time your gift is made, we encourage you to repay all loans prior to making your gift.

To calculate your charitable deduction, you will need to know your cost basis (often referred to as your "investment in the policy"): most insurance companies will provide this information upon request. Depending on the value of your policy, an appraisal may be needed to support your deduction. The Foundation will either cash in your policy upon receipt or maintain the policy on your life.

How a gift of a life insurance policy works:

1. You designate a new or existing insurance policy to the Foundation.



2. Upon your death, proceeds are placed in a charitable fund.



3. The fund improves the community by supporting educational causes you selected.

Please contact Julie or Lori at the AEF office at 920-832-1517 if we can assist you in meeting your charitable goals.

122 E. College Ave., Suite 1B | Appleton, WI 54911 | 920-832-1517 | 920-832-1301 Fax

www.appletoneducationfoundation.org

The Appleton Education Foundation Inc. is a supporting organization within the Community Foundation for the Fox Valley Region Inc.