

Using Life Insurance to Enhance your Legacy

Life insurance is a unique tool to consider using when planning your legacy. Because of the small annual premiums in relation to a large death benefit it's possible for a donor to make a substantially larger gift than would otherwise be possible.

I'd like to share with you a few different ways to use life insurance when making a gift to a charity. This is a product that is often over looked by many donors.

The easiest way is to name a charity as the beneficiary of a life insurance policy that you already own. At that point it becomes a future gift for the charity because they have to wait until the insured dies to receive the death benefit. Being a deferred gift, you, the policy owner has the right to change beneficiaries at any time while the policy is still in force. Because you are in control of this policy it is considered a revocable gift.

If you would like to make the gift permanent, you can give an existing life insurance policy outright to an organization. You do this by transferring the ownership of the policy directly to the charity, thus, making it an irrevocable gift.

If you do not have a life insurance policy that you can part with, you could purchase a new policy and make the charity the owner. You would then make annual bequests to the organization equal to the premium so the charity has the money to pay for the insurance.

Imagine though, being able to make a major gift today instead of leaving it when you die. By making the gift now, you would be able to observe the difference you're making to a cause that you care so much about. To make that major gift possible today, and still plan for the heirs of your estate, you set up what is called a wealth replacement trust. This trust will purchase a

life insurance policy in you and name as the insured and your heirs as the beneficiaries. The purpose of the trust is to replace the value of the gift you just made so you could still leave to your heirs the bequest you intended.

When you are planning your legacy, think about including life insurance. It offers you the option to be creative and more importantly is it gives you the ability to leverage your gift to make a bigger difference in the world.