

The death of a loved one causes one of the most profound emotionally turbulent periods during a lifetime. Sleeplessness, weight loss or gain, hopelessness or even an unshakable lethargy are just several of many common side effects experienced among those left to grieve. While the onset of these symptoms often occur quite suddenly, these symptoms frequently take a much longer time to dissipate. The healing process is unique and personal for each of us. Yet it is something we much each go through at some point in our lives.

During a period of mourning, it is typically not a good idea to make significant, life-altering decisions. The stress and raw emotions felt after a death frequently impair our thought process. We make bad decisions. We do things we would not ordinarily do. Knowing this, why would anyone choose to place the burden of dividing up his estate upon a person he loved very much and leave no written dictates?

You can take important steps in helping your loved ones through the healing process even before your death. Talk to your tax accountant, lawyer or financial investor. Develop a planned giving statement, now. Your legacy can be both long lasting and the most generous act you have committed. Do it now.



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## *What is a Gift of Life Insurance?*

One often overlooked source of revenue, with regards to charitable giving, is life insurance. Because life insurance policies typically reflect a small (in relation to other types of investments) annual contribution and are assets that appreciate the longer they are held, gifting one to a charitable organization is a good way to provide a legacy that is more substantial than if you had to make it out of pocket. The death benefit of an insurance policy is nearly always much greater than the total amount paid into the original policy. Life insurance, when viewed as a charitable gift, not only offers several giving options for the benefactor, but allows some flexibility for the recipient as well.

Using life insurance is efficient, effective and a fairly straightforward way to support the mission of your favorite charity, like the Share Foundation.

The benefits of using life insurance policies as a way to establish a legacy will differ according to the manner in which the gift is created or received. There are five different venues for gifting life insurance. Three such methods include: gifting a charity with a current life insurance policy, naming an organization, like the Share Foundation, as the beneficiary on an existing life insurance policy, or the purchase of a new life insurance policy by the charity organization itself, using funds donated by the benefactor. The charitable split dollar and the charitable reverse split dollar are also available means for contributing.

## *How Does it Work?*

### **Charitable Split Dollar**

A charitable split dollar policy actually refers to the means in which a policy is purchased, not the life insurance itself. This occurs, in general, when a donor transfers funds to a charity with the understanding that organization will use these funds to pay cash value life insurance policy premiums. Typically, the policy benefits both the donor's family and the charitable organization. It is not uncommon for the charitable organization to be the purchasing agent for the policy as well. However, frequently an irrevocable life insurance trust purchases the cash value policy. The designated beneficiaries usually include the charity and the trust. Beneficiaries are also named for the trust. It is generally the case that beneficiaries of the trust are relatives of the donor, but it can also include the donor himself or herself.

With this type of agreement, the charity enters into a split-dollar specification with the trust. This specifies the portion to be paid towards the insurance premiums by both the charity and the trust. Although this is a typical insurance policy bearing standard policy holder rights, a split-dollar agreement will spell out to what extent the parties named can exercise those rights. The manner in which the agreement can be terminated is also written into the agreement, as are any consequences of a broken agreement. It is very common for the trust to have access to a disproportionately larger proportion of both the premiums and the death benefit over the life of the policy.

### **Charitable Reverse Split Dollar**

A charitable reverse split dollar policy is very similar to a charitable split. The main difference occurs with the terms. Typically, a charitable reverse split will benefit the charity as a named beneficiary upon death and only upon death.

### **Gifting a Current Life Insurance Policy**

It is possible for a donor to name himself or herself as the insured on the policy in question and turn around and name the Share Foundation as both the owner and beneficiary. Sometimes the donor continues to make the premium payments himself or herself. Sometimes the donor contributes the premium to the charity for that express purpose.

### **Naming the Share Foundation as the beneficiary on an existing life insurance policy**

The advantage to this type of policy is that it is straightforward. The benefactor simply names the organization it wishes as the beneficiary upon death.

### **The charitable organization purchases a new life insurance policy**

In this case, the donor will contribute funds to the charitable organization on a predetermined schedule. An organization, like the Share Foundation, will use that contribution to pay for the premiums associated with the policy. The charity typically owns both the cash value and the pay on death value of the policy.

