



Charitable Planning

Leveraging Life Insurance to Make a Larger Charitable Impact

If you're like most charitable Americans, you probably give cash or other assets (e.g., stocks, bonds, etc.) that can easily be sold, to charity. There are several reasons why this is done: 1) it's an easy way to give - you just have to write a check or transfer a security that can easily be sold; 2) a charity wants and needs cash to pay for projects and expenses; and 3) you may be unaware that there are other ways to give to charity. You, probably, also have favorite charities that you regularly give to. Wouldn't it be nice if your contributions could make an even greater impact?

One Solution – Leveraging Gifts for Charity Owned Life Insurance

Donors who regularly support a charitable organization may be interested in leveraging their gifts into permanent life insurance on their lives but owned by the charity and where the charity is the beneficiary.

In this way, donors may transform their gifts into much larger gifts. Modest gifts are important for a charity, particularly when such gifts are received in volume from many donors, but each individual gift

often doesn't have sufficient impact. However, a regular modest gift of cash that is used to purchase life insurance can eventually have a major impact on the charity.

Example: Sherry is a healthy 50-year-old female who annually gives \$5,000 to her favorite charity. Certainly, her charity appreciates the gift and will use the money to support its programs. Let's assume, however, that her annual gift of \$5,000 is sufficient to purchase a \$250,000 whole life insurance policy. What's more impactful -- \$5,000 each year or a one-time (albeit *deferred*) "gift" of \$250,000?

Here's another example: Bill is 55 years old and regularly makes charitable gifts. He has \$500,000 of convertible term life insurance that he no longer needs for personal financial protection and is thinking about canceling the policy. The premiums are also starting to go up dramatically. Bill can convert his policy into a permanent life insurance policy, give it to charity, and continue making his regular gifts to the charity to maintain the premiums on the policy.

Isn't this a great way to make a meaningful impact on the work being done by your favorite charity?

Please consult with your Guardian Financial Representative if you have any questions concerning this document.

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