



MAKING A GIFT OF LIFE INSURANCE



life insurance policy can offer a convenient way to fund a meaningful charitable gift to The University of Mississippi Foundation.

HOW IT WORKS

- Name the UM Foundation as beneficiary of a policy you own in one of the following ways: primary beneficiary, secondary beneficiary, final beneficiary, or contingent beneficiary.
- Purchase a new life insurance policy. This can be a convenient way to make a substantial gift in an affordable and tax-efficient manner.
- Give a paid-up policy you already own by changing the owner and beneficiary.
- Buy a policy benefiting your heirs to replace assets you have given to the UM Foundation.
- If it is more advantageous, purchase a life insurance policy on the life of another person.

BENEFITS

- A life insurance gift is immediate. The proceeds are paid in cash immediately following one's lifetime. Life insurance gifts are generally not subject to shrinkage due to probate costs. Unless the death proceeds are payable to the estate, delays in settlement usually do not occur.
- A life insurance gift is convenient. Changing the beneficiary of a life insurance policy may be simpler and more cost-effective than creating a trust, making or changing a will, or making gifts in other ways.
- A life insurance gift is private. A life insurance policy is not a matter of public record; thus, your total privacy in giving may be assured.
- A life insurance gift is economical. Under certain circumstances, the size of a person's gift can actually be larger than the original cost. When the UM Foundation is the irrevocable owner and beneficiary, the premiums paid on the policy can be tax-deductible gifts. (Check with your advisor to confirm the amount of possible tax benefits.)

FOR EXAMPLE

Mrs. Jones decides to buy a \$50,000 life insurance policy and directs that the policy proceeds will eventually be received by the UM Foundation. Because she has also named the UM Foundation as policy owner, her monthly premiums of approximately \$120 will entitle her to a charitable deduction on her federal income tax return of over \$1,400 each year for as long as she pays the premiums and itemizes deductions. The policy proceeds will not be included in her estate for tax purpose and will pass outside the probate process. For these and other reasons, she and her advisors conclude that this is the most effective way for her to provide a meaningful gift to the UM Foundation as part of her long-range financial and estate plans.

