

## Charitable Gifting of Life Insurance

### General

One can designate Alpha Gamma Rho as the beneficiary of a life insurance policy and retain the right to change the beneficiary at a later date. However, to receive a charitable deduction, the donor needs to name the Educational Foundation of Alpha Gamma Rho as both the owner and beneficiary of the policy. The donor may then take a charitable deduction of approximately the cash surrender value of the policy at the time of gift. If the donor continues to pay policy premiums, the premiums paid each year will be tax deductible.

### Some Gifting Ideas

1. A new policy on the AGR donor's life: The policy may be a term plan or a permanent type policy -- i.e., Whole Life, Universal Life or Single Premium Life.
2. If you have a policy in force and have an adequate amount of life insurance for your family needs, you may change the beneficiary on one of such in-force policies to name the Educational Foundation of Alpha Gamma Rho; or, if you have *an extra policy*, you may want to make full charitable contribution of a policy.
3. Among Senior Citizens, we often find persons with three or four Whole Life Policies, which were issued 25 to 40 years ago. Face values may vary from \$5,000 to \$25,000 and at the same time have dividend values of \$8,500 to \$35,000. (Often the dividends surrender value exceed the face value). If you should have these problems, some ideas:

☞ Take the dividends out of the policy down to a surrender value of \$10,000. (Invest such withdrawn dividends into a new policy or into a Mutual Fund for gift to a grandchild, church, etc.).

☞ Give the Whole Life Policy to Educational Foundation of Alpha Gamma Rho by change of ownership and beneficiary. Remember, if premiums need to be paid to keep the policy active, you continue to get a charitable contribution each year.

### Heritage Club

*Heritage Club Membership and Honor* can be received by gifting a life insurance policy with a value of \$10,000 or larger. The difference between the cash value and death benefit is discounted.

This is even feasible for AGRs in early years of their career -- when cost of life insurance is small. One AGR purchased a \$50,000 face level of Universal Life, another a \$50,000 Term Plan.