Feel Good Tax Relief

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Carl and Cathy are well aware of the **substantial tax advantages** of making charitable contributions as well as the good feeling they get by helping their favorite charity. In addition to their annual contributions, they would like to bequeath more substantial amounts to their chosen charity in their wills. Some of their more affluent friends do this. However, Carl and Cathy do not feel that they are able to.

They would like to **endow their favorite charity** at a relatively low cost and get some tax relief in the process. Life insurance may offer an answer to both these wishes.

The procedure is quite simple. They apply for insurance on their lives, or use existing policies, naming the charity as the new owner and beneficiary. They pay the premiums and the charity gives them **a tax-deductible receipt** each year for the amount of the premiums paid.

Some reasons life insurance is particularly well suited as a vehicle for making this special gift are:

- The donor makes a substantial sum available at the date of his or her death through regular payments during their lifetime, which may be more suitable to the donor's current financial situation.
- The gift is not subject to capital gains tax or income tax at death.
- The gift cannot be contested by anyone. Large charitable bequests in a will are sometimes challenged by the donor's heirs. Life insurance is not open to such attacks.
- There is no publicity of the donation unless desired. Since the bequest is not subject to probate and administration, there is no publicizing of the gift.
- The amount of the gift remains intact, and does not face shrinkage due to legal fees, probate or administration costs.
- Aside from helping the charity with the donation of a large capital gift, the donor benefits from tax-deductible premiums within the prescribed limits.

The whole concept of charitable giving through life insurance is based upon the understanding that the premium donations are expected to be in addition to the donor's current support.

**Fictional characters for illustrative purposes only.*

Want to feel good and get a tax break?

Contact our office! **[1]**

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