

WHY GIVE LIFE INSURANCE?

Many of our friends have found life insurance the ideal vehicle for making a significant charitable gift, either during life or at death. Consider the advantages:

- A gift of life insurance is certain. The full proceeds are payable to assure your philanthropic goals are achieved.
- Life insurance is paid promptly; it is not tied up in the administration of the estate.
- Unlike a will, life insurance is not a matter of public record. Proceeds can pass for our benefit

in privacy, if you desire. We would be pleased, of course, to provide public recognition of your generosity.

- Life insurance gifts are simple; just ask the insurance company for the appropriate forms to make us owner or beneficiary of a policy.
- Gifts of a policy are tax deductible, as are future premium payments.
- Your charitable gift of life insurance can be even more satisfying if you direct your gift to a particular program – an area where you have an active interest. We invite you to meet with one of our officers to explore the splendid opportunities available for planning a truly satisfying gift. We also would be grateful if you inform us of your plans for a gift of life insurance.



**ECONOMIC AND FINANCIAL
ILLITERACY IS A BATTLE WE CAN
WIN IN ARKANSAS.**

WILL YOU MAKE IT YOUR FIGHT?

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INSURING TOMORROW



**A BEQUEST COULD BE THE
MOST IMPORTANT CHARITABLE
GIFT YOU EVER MAKE.**



**DIRECT YOUR GIFT TO A
PARTICULAR PROGRAM**

TAKE A FRESH LOOK AT YOUR LIFE INSURANCE

Your life insurance is a remarkable asset, more valuable than you may have imagined. Consider the possibilities:

- What begins as life insurance can evolve into a fund for retirement, as a paid-up annuity or cash for reinvestment.
- You can borrow against your insurance policies, often at low rates of interest.
- Life insurance can play a vital role in a business buyout arrangement or deferred compensation plan, or even as security for a loan.
- Life insurance grows in value tax free and your beneficiaries generally will receive the proceeds of your life insurance free of income tax.
- Life insurance can provide “liquidity” – a source of ready cash that will be available to your executor to pay your estate’s debts, settlement costs and taxes.

A SATISFYING OPTION

Life insurance also can be used to make significant gifts to worthwhile causes, with exceptional tax advantages. Here are a few ways life insurance can be used to enlarge your support:

- **A Gift of an “Unneeded” Policy**
Suppose your family is grown and no longer needs a \$50,000 policy purchased many years ago. Let’s assume further that the cash surrender value of your policy is \$20,000 and the premiums cost \$500 annually. If you contribute the policy to us and continue paying the premiums, you will be entitled to an income tax charitable deduction of about \$20,000, reducing your taxes by \$5,600 if you are in a 28% tax bracket. In addition, each year you will be entitled to another \$500 deduction for the annual premiums you pay, saving \$140 in income taxes. At your death, the full \$50,000 proceeds will be used for important programs.
- **“Wealth Replacement” Plans**
Friends who wish to replace contributed assets in their estates can purchase life insurance payable to family members, funded partly by tax savings from their charitable deductions. The life insurance replaces the assets that we receive, and if you employ a so-called

irrevocable life insurance trust, your family can receive the insurance proceeds free of gift or estate tax. The chart illustrates a plan in which the donor transfers assets to a charitable remainder trust and receives a lifetime income plus tax deduction savings. At death, both charity and family benefit.

- **Revocable Beneficiary Designation**
You can keep lifetime ownership rights in a policy (the right to borrow against or cash in a life insurance policy, for example) and still name us as the beneficiary of part or all of the proceeds. Your estate will be entitled to a charitable deduction for the amount passing to us. If you’d prefer, you can name us as contingent beneficiary of a life insurance policy. We would receive the proceeds only if your primary beneficiary died before you.
- **Gifts on the Installment Plan**
Would you like to be a \$100,000 or million-dollar contributor? Life insurance allows you to make a substantial gift at a very affordable cost. You can purchase a new policy on your life, naming us as the owner and beneficiary. Annual premiums are fully deductible as charitable gifts and often can be paid up after only five or seven years.

Economics Arkansas is a private, nonprofit educational organization committed to promoting economic literacy to PreK-12 students in Arkansas. Economic education in our schools equips young people with the skills to achieve their full economic potential and thrive in our free-market economy, allowing them to live their own American Dream.

For more information, please call **501.682.4230**, visit **www.economicsarkansas.org** or email **sue@economicsarkansas.org**.

Are any of the planning ideas we have discussed of particular interest to you? We would be happy to talk over all the possibilities with you and your advisers. Just send back the reply form or contact our office.

I would like to know more about planning:

- Gifts of investment assets;
- Gifts that provide me or my family with lifetime income;
- Gifts through my estate plan; or
- I am pleased to say that I have made you a beneficiary of my estate in the following manner: _____

Name: _____

Address: _____

City: _____

State: _____ Zip: _____

Telephone: _____

Email: _____

