

Planned Giving Tip
March 2007
Life Insurance: A Great Gift

The following is a message that you can cut and paste into your bulletin:

LIFE INSURANCE: A GREAT GIFT!

A common "hidden asset" for giving is a life insurance policy on which you are still paying premiums but is no longer needed for its original purpose. Let's assume that your children have grown and that there is no longer a real necessity for retaining a \$50,000 policy purchased many years ago. The policy has a cash value of about \$20,000. You can make your parish or school the owner and beneficiary of the policy and continue to pay the premiums. You'll gain an immediate tax savings of \$6,600 (a \$20,000 deduction at an assumed 33% income tax rate). You'll also gain additional tax deduction savings for the premiums you pay in future years. The full \$50,000, with no reduction for the estate tax, will come to our parish or school to benefit future generations.

Another option -- if the policy is already "paid up" -- is to simply transfer ownership of the policy to the parish. The gift would equal the cash value of the policy, with a similar immediate income tax deduction as described above. We would liquidate the policy and use the cash value for whatever purpose you choose, which could include adding to our parish or school endowment or establishing an endowment in your family's name.

To make a life insurance gift, ask your insurance company for forms that will change the beneficiary and ownership designations, and send us a copy of the policy. Always consult your professional advisors before making a gift of assets. Thank you!

A real life example of the above gift: Mr. Al Logli, Cathedral of St. Peter, Rockford

When my wife passed away in 2000, I was looking for an opportunity to honor her name. We were parishioners for many years at the Cathedral of St. Peter in Rockford and my wife was very fond of the school. All of our children attended there.

I owned two life insurance policies that I purchased years ago and no longer needed. I contacted the Diocese of Rockford to see if there was a way I could use these policies to make a gift in memory of my wife. After several options were considered, I decided to donate the policies to the Catholic Foundation. The Foundation liquidated the policies and used the proceeds to establish the Margaret M. Logli School Endowment. The purpose of the endowment is to provide permanent financial assistance for the ongoing needs of St. Peter School. I am grateful knowing that my wife's name will live on through this annual award. (Note: Mr. Logli sends a check each year to the Foundation that is added to the corpus of the Logli Endowment)

Keep planting seeds!