

Three Ways to Donate Life Insurance

Your need for life insurance most likely declines with age, increasing its popularity as a charitable gift.

1. Let it go. An outright gift of a paid-up life insurance policy makes an excellent charitable gift. The Area Agency on Aging of Northwest Arkansas Foundation will either take a policy's cash value or retain the policy for its face value after your lifetime. You receive a current deduction amounting to the cost of replacing the policy with a single premium life insurance policy at your current age (but not more than you've invested in the policy).

2. Start anew. You can take out a new policy with us as owner and beneficiary. Your continuing premium payments, usually gifted directly to the Area Agency on Aging of Northwest Arkansas Foundation, are income tax deductible. Using this method, the annual premium outlay is about 1 to 4 percent of the initial face amount of the policy.

3. Pay the premiums. You can also donate a current policy and keep up the premiums. If you should lapse on the payments, the Area Agency on Aging of Northwest Arkansas Foundation can either receive the current cash value of the policy, buy paid-up term insurance with the policy's cash value or continue the premium payments for the life of the insured. Group term life insurance or employer group coverage above \$50,000 also makes suitable gifts to the Area Agency on Aging of Northwest Arkansas.

Because gifts of life insurance are usually gifts of ordinary income, they are deductible up to 50 percent of your adjusted gross income. If necessary, you may carry over the deduction for an additional five years.

For more information on a gift of life insurance call the Area Agency on Aging of Northwest Arkansas Foundation 1-800-432-9721 or email info@aanwar.org.

The information on this site is not intended as legal, tax or investment advice. For such advice, please consult an attorney, tax professional or investment professional.