

# WHAT TO DO WITH “OBSOLETE” INSURANCE

Do you have a life insurance policy you purchased years ago to provide financial protection -- and no longer need it? If so, it may be a great asset to give to the church to help reach those in the community who do not know Christ. There are also personal benefits when you irrevocably name the church as both the owner and beneficiary of the policy.

## 1. You receive an income tax deduction.

When you fill out your itemized tax return, you can claim a charitable deduction for the cost basis of the policy or an amount approximately equal to the cash surrender value. For deduction purposes, the gift is treated as though it were cash.

This means you can deduct the gift up to 50% of your adjusted gross income. If you can't use the full deduction in the first year, you can carry forward the unused portion up to five additional years.

## 2. You reduce the size of your estate.

At death, the face value of most life insurance policies is includable in the taxable estate of the deceased. For some estates, this can mean a significant increase in estate taxes. However, transferring the policy during life will remove this "hidden" asset and reduce the size of your estate and any applicable taxes.



## 3. You leave your current income undisturbed.

Many people desire to give more to the church, but are concerned about their own cash flow and any unforeseen emergencies. They are reluctant to reduce investment assets.

The church does not want any of our members to jeopardize their security in making charitable gifts. At the same time, it's quite possible that you have either forgotten about an "obsolete" life insurance policy or consider it an unneeded asset. In any case, the beauty of giving such a policy is that it doesn't affect your current income stream.

### It's Easy to Do

Making a gift of life insurance is easier than you might think. Your life insurance professional can help you obtain a transfer form from the insurance company or you can contact the company directly. Of course, our California-Nevada-Hawaii District Gift Planning Representative, Brian Hyde, is ready to assist you as well. You can reach Brian by calling (925) 245-4016.