

Gifts *of* Life Insurance

You can make a deferred gift to the University of Washington using life insurance. Such a gift may allow you to make a larger contribution than you thought possible. Benefits may include a current income tax deduction for the gift of the policy, continuing income tax deductions for periodic premium payments, removal of the insurance from your taxable estate, and the satisfaction that comes from making a gift to benefit the University.

Frequently Asked Questions

Why donate life insurance? An existing policy is the best candidate for a gift to the University. You may own a life insurance policy that was purchased for financial security when you were younger. The safety net provided by life insurance may not be as important to you now so the policy may be a suitable asset to contribute to the University.

What kinds of policies can be contributed? There are two basic forms of life insurance, with many variations.

- Term insurance provides coverage only for the specific period covered by the premium but does not provide any internal cash buildup or any benefits other than payment of the face amount of the policy upon the death of the insured. Because of these characteristics, term insurance rarely is used for charitable giving.
- Whole life insurance provides continuous coverage as long as any required premium payments are made or the policy is paid up. It also has an investment component that provides an internal build-up of cash value, in addition to the death benefit.

Are there income tax benefits? If you designate the Board of Regents of the University of Washington as the owner of the policy, you may be entitled to a current income tax deduction for the gift of the policy. Any annual gifts to the University to pay future premiums will qualify for a charitable income tax deduction.

Are there estate tax benefits? If you give a policy to the Board of Regents of the University of Washington, the insurance proceeds are excluded from your taxable estate unless you die within three years of making the gift. If you keep the policy and simply name the Board of Regents as beneficiary, the policy proceeds will be included in your taxable estate but will qualify for an estate tax charitable deduction.

Can proceeds from a policy fund an endowment? Proceeds from a life insurance policy can fund an endowment to benefit any school, college, or program at the University. However, you may want to compare a life insurance donation to a series of annual gifts to fund an endowment, because doing this during your lifetime rather than at your death allows you to see your gift at work.

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Are there any special considerations to keep in mind? If you live in a community property state, your spouse may be required to consent to naming someone other than the spouse as beneficiary and/or owner of a policy.

Five Steps to an Insurance Gift

- Talk with our Planned Giving staff and your legal and financial advisors about how you would like to support the University of Washington with a life insurance gift.
- Obtain information about your policy from your insurance agent—including a copy of the policy, the current cash value, options available and restrictions imposed under the policy terms, any limits on assigning the policy, and a schedule of premium payments due.
- If you select an insurance policy as the optimal gift, determine whether the Board of Regents will be named as owner of the policy as well as beneficiary and request the necessary forms from your insurance agent to complete your gift.
- Make arrangements regarding the payment of any future premiums.
- Provide the University with written instructions regarding the ultimate use of the proceeds from your life insurance policy.

A life insurance gift may allow you to support the University of Washington more generously than you thought possible while providing you with income and estate tax benefits. Please contact the Office for Planned Giving if you would like to learn more.

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