

# Gifts of Life Insurance – Future dollars...only pennies a day

There are several ways you can use life insurance to make your gift to *Bethlehem Housing and Support Services*. You can contribute an existing policy that you already own but no longer need, you can purchase a new one to fund your gift, or you can simply name us as a policy beneficiary while retaining the ownership rights during your lifetime. In each case, your decision will strengthen Bethlehem over time and can ultimately benefit your heirs as well.

Providing security for a growing family and support in times of unforeseen need are the reasons why most thoughtful people buy life insurance. But life insurance can also be used as a creative financial tool to fund a gift cost-effectively. You can help ensure a brighter future for individuals and families in our community...with a gift funded by life insurance.



## A Gift of Future Proceeds

### **Example:**

*Many years ago, Ronald took out a \$50,000 life insurance policy, naming his wife as beneficiary to provide security for their young family. Today, he is a widower and has other assets to leave to his children, so he has decided to have the proceeds payable at death become his gift to Bethlehem, in memory of his wife.*

*Ronald can do this simply by designating us as the replacement beneficiary on the insurance policy. He is very pleased to know his gift will make a meaningful difference after he is gone.*

Following his death, his estate will be entitled to a donation receipt for the \$50,000 gift, yielding a meaningful tax credit to be applied against income reported on his final tax return. (If the donation receipt exceeds 100% of his income in that year, any remaining portion could be carried back to the previous year's return, and the 100% limitation would also apply against that year's income). In this way, a gift to Bethlehem can actually help increase the total value of his other assets that will pass to his heirs through the will.

**Life Insurance** – it can help you fund a truly generous gift tomorrow while realizing attractive tax benefits at an affordable cost today!

## Give the Policy Itself

### **Example:**

*Now in her eighties, Marina finished paying premiums on a \$25,000 policy some years ago and had almost forgotten about it when she began thinking about a gift to Bethlehem. Since she cannot afford to give up an income-producing asset at this time, she thinks the insurance policy would make an ideal gift.*

In addition to naming us as beneficiary, she also transfers *ownership* of the policy to Bethlehem Housing. By doing this, her gift is made **irrevocable**, resulting in an immediate donation receipt for the policy's 'fair market value' (FMV), which translates into a very welcome tax credit on this year's income tax return.

If the value of her donation exceeds 75% of her income for the year, she can carry the excess forward up to five years. (**Note:** Marina's policy was "paid up", but she could also have made the gift if premiums were still owing. By giving the policy to Bethlehem, she would still receive a donation receipt for its current value, and if she continued to pay the premiums, she would receive donation receipts for those contributions too!).

## Give a New Policy

### **Example:**

*Jack, age 55, has some discretionary income but cannot afford to contribute any of his capital. He purchases a new life insurance policy with a face value of \$100,000, names Bethlehem as owner, and contributes \$5,600 annually to cover premiums for just ten years, receiving a donation receipt for each premium paid. His tax credit is worth \$2,576 (46% of \$5,600), so the out-of-pocket cost to assure a legacy gift of \$100,000 is only \$3,024 per year (less than \$10 per day!)*

For more information about gifts funded with life insurance and other ways to invest in our future, please contact:

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housing and support services

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