

GIFTS OF LIFE INSURANCE

*“It is more
blessed to
give than to
receive.”*

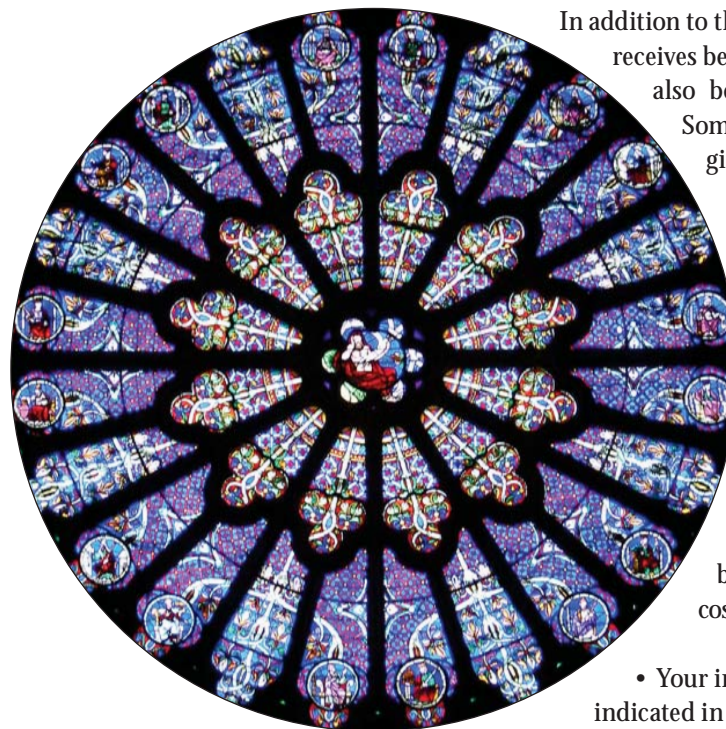
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There are several ways to support your parish, school, the Diocese of Gaylord or a particular Catholic ministry by making a gift of life insurance to the Northern Michigan Catholic Foundation (NMCf). A life insurance policy through the NMCf ensures your legacy in the Catholic ministries of your choice. Your gift will benefit the ministries closest to your heart for generations to come.

A life insurance policy is often an asset in many individuals' estate plans; however, the reason and need for the life insurance varies, depending on the individual. Initially, the plan may have been purchased to provide peace of mind, financial security or an inheritance for loved ones, but as life situations change, so



do the needs for the coverage. Listed throughout this brochure are some examples of ways to consider making a gift of life insurance to the NMCf.



In addition to the benefits the organization receives because of your gift, there are also benefits to you, the donor. Some advantages of making gifts of life insurance are:

- The amount specified in the insurance policy will be given to the designated parish, school, ministry or the Diocese of Gaylord through the NMCf.
- The proceeds will be paid promptly, putting your gift into action, not being diminished by probate costs.
- Your intentions will be fulfilled as indicated in the insurance policy.
- The proceeds from the policy often exceed the amount of premiums you paid; therefore your gift is greater.
- You, as the donor, may receive tax savings from charitable gifting of life insurance. These may be in the form of estate tax savings and/or current income tax savings depending on the structure of the gift. Consult your tax professional to learn how tax savings may apply in your situation.

Northern Michigan Catholic Foundation

The NMCf is a separately incorporated endowment-based fiduciary body that supports the Catholic ministries in northern Michigan. By naming the NMCf as the beneficiary in your estate plan, your legacy will live on in perpetuity. The NMCf allows donors, like you, to designate a specific ministry, such as your parish, school, or diocesan programs, or you can leave the gift undesignated to meet the needs of the Diocese of Gaylord as they are determined by the NMCf Board of Directors each year.



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Providing for the future of Catholic ministries
throughout the Diocese of Gaylord



Outright Gift to Charity

One method of utilizing life insurance to fund a charitable gift is an inter vivos gift, or a gift during your lifetime. If you no longer need your policy for your estate or your family's protection, you can make a gift by irrevocably transferring ownership of your policy to the NMCF. This type of gift requires that the insured retain no rights of ownership. However, if the insured is certain that the charity is to receive the life insurance, this type of lifetime gift may provide additional tax savings in the form of a current charitable deduction.

To make a gift of a policy you already own, simply ask the insurance company or your agent for an assignment of ownership form. Complete the form and any other paperwork they may require and return it to the company. Then, send a copy of the form and the policy to the Northern Michigan Catholic Foundation, Inc., 611 W. North Street, Gaylord, MI 49735. Include a cover letter explaining that you are making a gift of the policy.



To make a gift of a new policy, arrange with your insurance agent to purchase the policy and make the first premium payment yourself. Then assign the policy to the NMCF as explained above. Future premium payments can either be made directly by you, or you can make gifts each year to the NMCF of the premium amount and we will pay the premiums. Please consult your tax advisor on the deductibility of each of these methods of premium payments.

An outright gift of a policy generally produces a charitable income tax deduction for the replacement value of the policy, or the amount of net premiums you, the donor, paid, whichever is less, as well as any future premiums you pay. Additionally, by naming the NMCF as the owner of your policy, you have effectively removed the death benefit proceeds from your estate.

Purchasing Insurance Plans – As Gifts

An individual can purchase life insurance policies in order to create a charitable gift. There are many insurance plans available for application to charitable gifting programs. A donor can create a large deferred gift with relatively modest premiums, depending on his/her age and insurability. For more information on making such a gift, contact your insurance agent. Please consult your tax advisor when considering this type of gift.



Naming the NMCF as the Beneficiary

Another common method of utilizing life insurance to fund charitable gifts is a testamentary gift, or a gift upon the death of the insured. If you and your

heirs no longer need all of the death benefit of your life insurance policy, yet you would like to retain ownership of it, you can designate the NMCF as the beneficiary of the policy. In other words, you retain control of the policy during your lifetime and the NMCF will receive the insurance proceeds at the time of your passing. This is a common situation for donors who would like to maintain flexibility and control of the policy. You can then designate the gift to a particular parish, school or a ministry through the NMCF, naming them as:

- Primary beneficiary—to take the proceeds upon your death.
- Contingent or secondary beneficiary—to take the proceeds if the primary beneficiary predeceases you.
- Partial or residual beneficiary – to take the proceeds along with other named beneficiaries.

If you would like to make the NMCF the beneficiary of a policy that you already own, simply ask the insurance company or your agent for a change of beneficiary form. Fill out the form to let the company know who you want as the new beneficiaries and how much of the proceeds each is to receive.

By naming the NMCF as a beneficiary, but retaining ownership of the policy, you will not be entitled to an income tax charitable contribution deduction. However, your estate will receive an estate tax charitable gift deduction when the NMCF receives the proceeds of the policy.

Replacing Assets Contributed to the NMCF

The use of life insurance is also a valuable technique to provide for wealth replacement in charitable gift and estate planning. It is often used as a useful tool in planning to help individuals replace the assets in their estate that they contribute to the NMCF. That is, after contributing assets of significant value to the NMCF, either outright or in a trust or other estate planning document, you can purchase life insurance on your own life which will eventually pass on to your heirs.

In addition, if structured through an irrevocable life insurance trust, this technique can provide an estate tax exclusion for both the assets contributed to charity, as well as the life insurance passing to your heirs. Utilizing a policy in such a way benefits the Catholic organizations you designate through the NMCF gift, but also your heirs.

Again, consult your tax advisor on the tax consequences related to this type of gifting, and to consider which type of life insurance gift strategy may best suit your individual goals and needs.

For more information about ways to contribute to the NMCF utilizing life insurance policies, please contact your insurance agent or the NMCF, (989) 732-5147.

