

LIFE INSURANCE

PLANNED GIVING AT THE LAW SCHOOL FOUNDATION

Leaving a Legacy for the University of Virginia School of Law

A life insurance policy provides a relatively inexpensive way to ensure financial support for spouses, children or other dependents when we die. Life insurance policies may also be used as part of a “wealth replacement” estate planning strategy to provide funds to pay estate taxes owed at death.

But when an existing policy is no longer needed in whole or in part to satisfy its original purpose (the children are grown, the spouse is well provided for), the policy can be an ideal asset to fund a charitable gift larger than anything you might be able to fund during your lifetime.

Naming the Law School Foundation as a Beneficiary of Your Policy

As you may know, life insurance proceeds are a taxable portion of your estate when you die unless you designate your spouse or a charity as your beneficiary.

By designating the Law School Foundation as the beneficiary of your life insurance policy, the insurance proceeds will be removed from your taxable estate at your death, and you will be assured that 100% of the designated amount will be applied for the benefit of the



Law School for the purposes you designate.

Designating the Law School Foundation as a beneficiary of your policy is simple—just request a beneficiary designation form from your life insurance company and designate the “University of Virginia Law School Foundation” as your beneficiary. Note that, because your designation is revocable, you will retain maximum flexibility during your life to adjust

your beneficiary designation if your personal or family needs change.

Naming the Law School Foundation as Owner and Beneficiary of Your Policy

If you no longer need a policy for which you have paid all premiums owed (a “paid-up” policy) or a policy for which you have made all current premium payments but for which additional premiums are owed (a “partially paid-up” policy), you might consider transferring
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UNIVERSITY of VIRGINIA
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Leaving a Legacy...

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ownership of the policy to the Law School Foundation and designating the Foundation as beneficiary of the policy proceeds.

You will be entitled to a current charitable income tax deduction based on the value of the policy at the time of your contribution. If premium payments are still owed on the policy, you will be eligible for an income tax deduction for the value of the policy at the time of your contribution plus additional income tax deductions for future cash contributions you make to the Law School Foundation to cover premium payments as they come due. (See **Example**, right).

EXAMPLE

Mr. Smith wants to fund a scholarship benefiting students at the Law School, but he knows that his modest retirement income won't provide enough resources to fund the scholarship during his lifetime.

Fortunately, Mr. Smith has a partially paid-up \$125,000 life insurance policy with an annual premium of \$2,500 and a current cash surrender value of \$75,000. Originally purchased to take care of his minor children, the policy is no longer a necessary part of Mr. Smith's estate plan now that his children are grown.

If Mr. Smith transfers ownership of the policy to the Law School Foundation, he will receive a current charitable income tax deduction for the policy's value.

In each subsequent year, Mr. Smith will contribute \$2,500 cash to the Foundation, which will in turn pay the policy premium. Mr. Smith will be eligible to claim a charitable income tax deduction for each cash contribution made.

At the end of Mr. Smith's life, the \$125,000 in insurance proceeds will be used to establish Mr. Smith's scholarship.

By giving the Law School Foundation his insurance policy, Mr. Smith will be able to fund a charitable gift much larger than he had thought possible during his lifetime, and he will have created a thoughtful and important legacy for future generations of the Law School's students.

Whom Do I Contact?

For more information about how a gift of life insurance might fit into your overall giving plan, please contact Elizabeth Leverage '92 at the Law School Foundation, 580 Massie Road, Charlottesville, Virginia 22903-1738; email us at plannedgifts@law.virginia.edu; or call 1-877-307-0158. You can also find information about other planned gifts to benefit the Law School at www.law.virginia.edu/campaign.

The University of Virginia Law School Foundation does not provide legal or tax advice. We recommend that you seek your own legal and tax advice in connection with gift and planning matters. To ensure compliance with certain IRS requirements, we disclose to you that this communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.

YOUR PLANNED GIFTS CONTINUE TO LAY THE FOUNDATION
FOR THE LAW SCHOOL'S FUTURE....