

UVA LAW

GROW THE FUTURE 

A LEGACY GIFT WITH LIFE INSURANCE

Leveraging a Valuable Asset to Create a Remarkable Legacy

A life insurance policy provides a relatively inexpensive way to ensure financial support for spouses, children or other dependents. Some policies can 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 converted into a legacy gift at the Law School larger and more meaningful than you might imagine.



Creating a Legacy with Life Insurance

Avoiding Estate Tax and Preserving Flexibility

As you know, life insurance proceeds will be subject to estate tax in your estate unless you designate your spouse or a charity as your beneficiary. By naming the Law School Foundation as a beneficiary of your life insurance policy, the designated 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.

To make a gift, simply **designate** the University of Virginia Law School Foundation as a **beneficiary** of your policy on a new beneficiary designation form. 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.

Current Tax Benefits

If you no longer need 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), consider transferring 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 able to claim a charitable income tax deduction **each time** you make a future premium payment or a future cash contribution to the Law School Foundation to cover premium payments as they come due. When the time comes, the policy proceeds will fund your legacy gift to the Law School **without reduction** for estate tax.



A Remarkable Contribution for the Law School's Future

A life insurance policy that is no longer serving its original purpose is an ideal asset for funding a legacy gift. You can easily convert a comparatively small investment into an uncommonly meaningful, thoughtful and important legacy for future generations of students and faculty.

Example

William M. Lile wants to fund a scholarship benefiting students at the Law School, but he is concerned that his modest retirement income won't provide enough resources to fund the scholarship during his lifetime.

Fortunately, Mr. Lile has a **partially paid-up** \$200,000 life insurance policy with an annual premium of \$6,000 and a current **cash surrender value** of \$60,000. Originally purchased to take care of his minor children, the policy is no longer a necessary part of Mr. Lile's estate plan now that his children are grown.

If he transfers ownership of the policy to the Law School Foundation, Mr. Lile will receive a current **charitable income tax deduction** for the policy's value. In each subsequent year, Mr. Lile will contribute \$3,000 cash to the Foundation, which will in turn pay the policy premium. He will be eligible to claim a charitable income tax deduction for **each** cash contribution made.

At the end of Mr. Lile's life, the insurance proceeds will be used to establish the **William M. Lile Scholarship**.



Thank you for considering how you can participate in the Law School's future. For more detailed information about gifts of life insurance or other legacy gift options, including "life income" gifts that make payments to you annually, please contact Elizabeth Leverage Hilles '92 at the Law School Foundation (877-307-0158; eleverage@virginia.edu) or review the information at law.virginia.planyourlegacy.org.

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. This communication is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.