



Viatical Settlement Professionals, Inc.

Guide to Donating Your Life Insurance Policy to Charity

In planning your estate, you may decide to donate your life insurance policy to a charitable organization. The advantages of doing this may include:

- A reduction in your income taxes for the donation.
- A reduction in your gross estate to ease the burden of federal estate taxes on your loved ones after you pass away.

Consequences for the Charity of a Policy Donation

The charitable organization that receives your policy while you're alive assumes the duty of continuing the premium payments. A cash-strapped charity may be unable to shoulder this expense and, as a result, the policy may lapse. If the policy lapses for nonpayment of premiums, the investment is lost and nobody receives any benefits in the end.

The Solution: A Life or Viatical Settlement

Instead of simply donating the policy and letting the recipient pay to keep it in force, you could determine the policy's fair market value by getting from VSPI a quote to sell it to a financial institution. In most cases, the sum you receive will be higher than the policy's cash surrender value, and neither you nor the charity must continue paying premiums.

When you donate the policy to the charitable organization, the charity agrees to sell the policy through VSPI for the amount quoted.

This is a win-win for you both because the charity receives the funds promptly and has no further premium payments to make, and you get to see your kind donation put to work while you're still alive!

Tax Implications

VSPI is not a financial planner, so we strongly recommend you work with your tax adviser to assess the policy's tax basis and your settlement amount to determine what you may owe, since tax law is continually changing.

Call 888-321-9057 or 804-740-3900 or email swatson@vspi.com to discuss your particular case. Visit www.VSPI.com for details on the process so you may *Bring Your Benefits to Life*.