



Department: Development

Subject: **Gift of Life Insurance**

Last modified on Date:

Effective Date: June 25, 2003

DESCRIPTION:

RESPONSIBLE PARTY:

LEGAL REFERENCE:

CROSS-REFERENCE:

PURPOSE: Coastal Community Foundation wishes to assist donors desiring to make charitable gifts using life insurance in which donors name CCF as beneficiary and transfer ownership of a policy.

POLICY STATEMENT: This may be done in one of the following three ways:

1. Contributing a paid-up policy and designating CCF as the owner and beneficiary of the policy;
2. Contributing a partially paid policy and designating CCF as owner and beneficiary. Donors can then make tax-deductible charitable contributions to CCF that may be used to pay the remaining policy premiums; or by
3. Applying for life insurance naming CCF as beneficiary and then immediately, irrevocably assigning or transferring ownership of the policy to CCF. Donors can then make tax-deductible charitable contributions to CCF that may be used to pay the premiums on the policy.

For these gifts of life insurance in which CCF takes ownership of the policy, CCF reserves the right to accept or decline such gifts and all gifts must be approved by the Board.

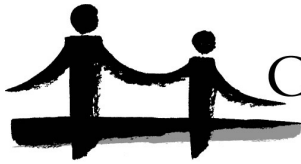
The following policies are designed to protect the interests of both donors and CCF. Each situation will be considered individually. Exceptions to these policies may be made with approval of CCF's Board.

Coastal Community Foundation strongly recommends that donors consult their professional advisors concerning the type of insurance policy to purchase and the tax deductibility of the gift.

1. Policies for Accepting Gifts of Life Insurance when CCF is the owner/beneficiary:

CCF asks that the donor designate CCF as the primary beneficiary. CCF recommends that donors write CCF providing specific directions for distributions and stipulates that at least 51% of the proceeds from the policy support funds held by CCF. The remaining 49% may be used to support other charities; CCF will handle distribution. CCF provides this service in order to help support the non-profit community.

When CCF accepts responsibility for paying the premiums, CCF will ask donors for a letter stating their commitment to make charitable contributions to cover annual premiums. CCF



requests that the gift be received by the Foundation at least ten days prior to the premium due date.

Because of the administrative responsibility of paying premiums, CCF recommends that insurance policies have a minimum face value of \$25,000. Apart from the face value of the policy, CCF will also review the donors' plans for premium payments before accepting a policy.

CCF reserves the right to surrender contributed life insurance policies for their cash surrender value.

CCF will not accept policies that are subject to outstanding loans. Nor can CCF assume payment on a policy that has delinquent premium payments. In such instances, the contributed policy will be redeemed for the accrued cash value, unless CCF and the donor determine there are sufficient accrued dividends or accumulated cash value to pay all remaining premiums in full.

When CCF is the owner of a life insurance policy, CCF will retain the original policy in its offices. Information contained therein will be held strictly confidential.

2. Policies for Designating Proceeds from Life Insurance when CCF is the owner/beneficiary:

Donors may establish a permanent named fund if the proceeds from the policy and/or the dividends paid from the policy are greater than \$10,000.

Because life insurance is a testamentary gift, CCF believes that it is most appropriate for donors to establish unrestricted or field of interest funds that provide the flexibility needed to meet future community needs.

If donors do not provide recommendations during their lifetimes as to the eventual purpose of the fund, or if the proceeds are less than \$10,000, the proceeds will be used for unrestricted purposes of the Foundation.

Gifts of life insurance qualify a donor for inclusion in CCF's Honor Roll of Legacy Builders.

Individuals may also name CCF as a beneficiary of an existing life insurance policy that the donor owns. Donors may or may not choose to notify CCF of this future gift. CCF will receive the proceeds upon the donors' death. No gift acceptance policies apply to these types of insurance gifts.

DEVELOPED BY:

APPROVED BY: Board of Directors

DATE:

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