



Foundation Fundamentals

► by *Milford Jenkins*, director of development, Angus Foundation

Insuring the future of the Angus breed

“To give away money is an easy matter and in anyone’s power. But, deciding to whom to give, when, for what purpose, and how much is neither in everyone’s power nor an easy matter. Thus it is that such giving is rare and noble and praiseworthy.”

— *Aristotle*

A gift of life insurance

As with many people, if not most, Angus breeders own some form of life insurance. The principal reason for this almost universal acceptance of life insurance is its unique ability to help meet the varied protection (financial) needs of our family members and others near and dear to our hearts at the time of our demise and inevitable passing.

In time, however, life insurance policies can fulfill their original purpose of providing financial protection and, ironically, may no longer be needed. Examples of these scenarios might be a policy originally purchased to provide for children; to supplement retirement funds; to protect a home, farm or ranch mortgage; or to provide for estate taxes. Now that your children are grown and financially independent, the mortgage(s) are satisfied, and you have adequate retirement savings, one or more of your life insurance policies may indeed now be “obsolete.”

At this point, you can make excellent use of such policies by giving the policies or the proceeds they will eventually generate to a favorite charitable interest, such as your Angus Foundation, for the advancement of education, youth and research in support of agriculture and the Angus breed. Toward that goal, policies that you put in place years ago to protect loved ones in your Angus family when they were infants or young children — who no longer need that financial security — can be ideal ways to honor those people and pay tribute to their extensive previous or ongoing involvement in the Angus breed.

You might ask, “Milford, how do I go about making a gift of life insurance to the Angus Foundation?” For a life insurance policy you already own, there are several ways to name the Angus Foundation as a charitable beneficiary, including:

- **Primary beneficiary:** Name the Angus Foundation as the sole beneficiary of the policy.
- **Co-beneficiary:** Name the Angus Foundation to share in the proceeds with another charity or with other individuals you choose.
- **Successor beneficiary:** The Angus Foundation receives the proceeds only in the event the primary beneficiary(ies) is no longer living.

In each of the aforementioned examples, you retain ownership of the policy and have access to the policy’s cash value. However, no current charitable income-tax deduction is allowed for the value of the policy. These beneficiary options may be easily changed if necessary throughout time as one’s circumstances and situation dictate.

Other options

If you wish, you may instead choose to make an immediate gift of a life insurance policy by naming the Angus Foundation as the irrevocable owner and beneficiary of the policy, assigning all rights or incidents of ownership to the charity. You may be entitled to an income tax deduction based on the value of the policy or premiums paid at the time the policy is transferred to the Angus Foundation. Income-tax deductions for contributions to the Angus Foundation to pay subsequent premiums may also be allowed.

A related question that also rises is, “I want to support the Angus Foundation, but what if I still need the life insurance policies that I own?”

One solution would be to simply take out a new policy and name the Angus Foundation as both owner and beneficiary. With this type of gift, the premiums you pay may be deductible as charitable gifts each year.

Furthermore, albeit somewhat more complex, life insurance policies can also be excellent tools to “replace” other assets given to charity. For example, if you make a sizeable charitable gift of cash or other property, you might utilize the tax savings to purchase a life insurance policy to benefit your heirs at death. The amount you gave to charity can thus be replaced by the benefits to your heirs from the life insurance policy.

Regardless of the scenario, with a gift of life insurance, the Angus Foundation may receive a much larger contribution than would be possible if you gave other assets. Other positive features that accompany gifts of life insurance are convenience, tax savings, privacy, flexibility for the donors and avoidance of probate, along with life insurance gifts generally not being subject to estate taxes or probate costs.

Possibilities for everyone

A misconception about charitable gifts of life insurance is that only middle-aged people or older make these types of gifts. But the adage of “where there’s a will, there’s a way” can be applied here. The cost of insurance premiums for a relatively young Angus enthusiast, who is fully committed and dedicated to providing a significant amount of funds to the Angus Foundation, can be realized with a well-planned gift of life insurance.

It is important to remember that the benefit the Angus Foundation will ultimately receive from your insurance gift depends on the type of policy and the performance of the insurance company. To make certain that your life insurance gift will accomplish your objectives, you should consult with both your insurance professional and your Angus Foundation staff before selecting a policy and activating your gift.

In closing, each donor’s situation is unique. A gift of life insurance to the Angus Foundation may or may not be for you, but it is worth researching when considering how you might help “insure” the future of the Angus breed!

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