

LIFE INSURANCE

GIFT PLANNING FOR



VIRGINIA ATHLETICS

Leaving a Legacy for University of Virginia Athletics

A life insurance policy provides a relatively inexpensive way to ensure financial support for spouses, children, or other dependents when we die. They are often used as an integral part of a “wealth replacement” estate planning strategy to provide funds for 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 Virginia Athletics Foundation (VAF) as a Beneficiary of Your Policy

As you may know, life insurance proceeds may be included in your gross estate when determining the estate tax unless you designate a charity as your beneficiary.

By designating the VAF as the beneficiary of your life insurance policy, this asset will be eliminated from your taxable estate at your death, and you will be assured that 100% of your designated amounts will be applied fully to the University’s athletics program for the purposes you choose.



Your designation will ensure a legacy of support for the University’s athletics program often far greater than you might imagine, while other assets in your estate will still be available for your family and other beneficiaries.

Designating the VAF as a beneficiary of your policy is simple—just request a beneficiary designation form from your life insurance company and complete it accordingly. 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 Virginia Athletics 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 ownership of the policy to the VAF and designating the athletics program as beneficiary of the policy proceeds.

continued



Life Insurance continued

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 VAF to cover premium payments as they come due.

The Cornerstone Society— Letting Us Say Thank You

On October 6, 1817, President James Monroe and former Presidents Thomas Jefferson and James Madison gathered at a ceremony to lay the cornerstone of Pavilion VII, the first structure at the University of Virginia. Just as this cornerstone provided the foundation for the University's first building, the Cornerstone Society is laying the groundwork for the University's achievements in the decades ahead. The Cornerstone Society comprises alumni, parents, and friends who have made planned gifts to the University or its related foundations, through wills, living trusts, or retirement plan assets; gifts of life insurance; charitable gift annuities; and charitable remainder trusts or lead trusts.

EXAMPLE

Mr. Smith wants to fund a scholarship benefiting student-athletes at the University, 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 VAF, he will receive a current charitable income tax deduction for the fair market value of the policy, which the Office of Gift Planning can help him obtain.

In each subsequent year, Mr. Smith will contribute \$2,500 cash to the VAF, which will in turn pay the policy premium. Mr. Smith will be eligible to claim 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 VAF 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 the University's student-athletes.

For More Information

To learn more about how a gift of life insurance might fit into your overall giving plan or about other types of planned gifts, please call the VAF office at 434-982-5555 or 800-626-8723 or the Office of Gift Planning at 434-924-7306 or toll-free at 800-688-9882, email giftplanning@virginia.edu or visit the website at www.virginia.edu/giftplanning.



Neither the University of Virginia nor the Virginia Athletics Foundation provides 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 (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.