



'Tis Always the Season for Giving— *Here's a Twist*

Charitable giving occurs throughout the year. It's not just for the holiday season or year-end. Most people, even the affluent, engage in "checkbook philanthropy" by simply writing checks to their favorite charities. But did you know that there are many other ways to give? And they may possibly make a greater impact than your regular contributions?

Life insurance, whether it is an existing policy you own, or a policy that the charity purchases on your life, can make a greater impact on the community than checkbook philanthropy because the insurance benefit may be much larger than the accumulated annual premiums paid to fund the policy, or because your needs for an existing policy have simply changed.

To make your charitable gift in the form of life insurance, contact your Security Mutual life insurance advisor today:

Please see page 2 for more details on using either an existing life insurance policy or a new life insurance policy in your charitable giving.

EXISTING LIFE INSURANCE POLICY

If you have an existing life insurance policy, particularly a cash value type permanent policy, and you no longer need the policy, you can gift that policy to the charity. The charity can then decide to keep it or cash the policy in for its cash surrender value. Charities don't like to have to continue premium payments, but (a) if you pledge to continue making annual contributions to the charity to cover the premium payment, or (b) if your policy is a "reduced paid-up" policy*, or (c) if you have a dividend-paying whole life policy** and dividends and cash values are sufficient to cover premiums, then many charities will keep the policy in force.

You can also decide to keep the policy and simply name your favorite charity as the beneficiary of some or all of the insurance proceeds. If the charity is just a partial beneficiary, you can still financially protect your family or meet some other insurance goal. The charity could also be a contingent beneficiary so that your primary beneficiary is protected first.

As you can see, there are several ways to use your existing life insurance as a charitable giving vehicle. Although tax considerations are generally not the first reason to make a charitable contribution, there may also be an income tax deduction available if you donate an existing policy to charity. Your tax advisor can assist you with your individual situation.

NEW LIFE INSURANCE POLICY

For individuals who are regular and significant donors (i.e., contributions in the thousands of dollars and above, depending upon size of charity on a case-by-case basis) to a particular charity, you can ask the charity to buy a policy on your life, funded by your annual contributions to the charity. In this way, instead of a smaller amount of cash each year, the charity will receive a large payout sometime in the future. Some donors will make a single large contribution which is then used by the charity to prepay many years of premium payments.

Remember to check with your employer about your benefits. Many companies will match employee gifts to charity up to a certain amount. That will increase your contribution to the charity.

Your cash contributions to pay the premiums should be tax-deductible like any other cash contribution to charity. Discuss that with your tax advisor. Also, individual state laws may dictate whether or not a charity can purchase life insurance on you, but most will allow the purchase on donors who regularly make significant donations to the charity because a charity has an "insurable interest" in the donor for continued contributions. If you're just an occasional donor, or your contributions are not significant, then this strategy may not be right for you. However, note that some states have laws that allow a charity to purchase life insurance on any person by consent, regardless of donation history. Your Security Mutual life insurance advisor can assist you with that.

*Reduced paid-up insurance is a non-forfeiture option offered by whole life insurance companies that allows the policyowner to receive a lower amount of fully paid whole life insurance.

**Dividend paying whole life insurance policies are also known as participating whole life insurance issued by mutual life insurance companies. Policyowners may participate in the profits generated by the company in the form of dividend payments.

Tax laws are complex and subject to change. The information presented is based on current interpretation of the laws. Neither Security Mutual nor its agents are permitted to provide tax or legal advice.

The payment of dividends is not guaranteed, and the amount credited, if any, may rise and fall depending on experience factors such as investment income, taxes, mortality and expenses.

The applicability of any strategy discussed is dependent upon the particular facts and circumstances. Results will vary and products and services discussed may not be appropriate for all situations. Each person's needs, objectives and financial circumstances are different and must be reviewed and analyzed independently. We encourage individuals to seek personalized advice from a qualified Security Mutual life insurance advisor regarding their personal needs, objectives and financial circumstances.

Insurance products are issued by Security Mutual Life Insurance Company of New York, Binghamton, New York. Product availability and features may vary by jurisdiction.

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