

# PHILANTHROPY THRU GIFTING OF QUALIFIED MONEY AND LIFE INSURANCE

## THE WANT

A donor wishes to bequeath a significant gift to a charity, church or university. He also wants to do so in the most tax efficient way possible and without disinheriting his heirs.

## THE SOLUTION

The simplest, most flexible and most tax efficient way to make legacy charitable gifts, is by gifting qualified money. Unlike non-qualified assets, qualified funds are 100% income taxable and don't qualify for a step up in basis, which makes them the most tax efficient source of funds for gifting. The life insurance part of the solution keeps the heirs from being disinherited on a dollar for dollar basis with the gift. A life insurance policy, equal to the gift amount, is taken out on the least costly parent to insure. This tax free death benefit replaces what would have been a 100% taxable inheritance of the qualified account. This actually ends up being a larger net inheritance to the heirs. In addition, the tax savings that heirs wouldn't have to pay on inherited qualified funds offsets as much as the first 20 years of premium payments. In the final analysis, the charity get a tax free gift, the heirs get a tax free death benefit, and the government gets nothing.

