

Life Insurance

Life insurance policies can be an affordable way to make a substantial gift to Spectrum Health Foundation. New policies or policies paid in full can be used to fund a gift. If you acquired life insurance when your family was younger, perhaps the coverage is now more than you need. When you donate that policy, your charitable deduction will be the lesser of the fair market value of the policy or your cost basis, which is the total of your net premium payments.

In another scenario, your annual income may be healthy, but you know that ongoing family obligations will make it difficult for you to accumulate capital. You want to make a significant gift to Spectrum Health Foundation, but wonder how you will gather the resources to do so.

When you purchase a new life insurance policy as a gift, with Spectrum Health Foundation as the owner, you deliver a large benefit to Spectrum Health Foundation form income rather than capital. You make tax deductible annual gifts to Spectrum Health Foundation in the amount of the premium payments, we will, in turn, pay the premiums to the insurer. At your death, Spectrum Health Foundation receives the value of the insurance policy.

You may also transfer ownership of an existing policy which is not yet paid up and make annual gifts to Spectrum Health Foundation in the amount of the premium payments. Your charitable deduction will be determined in the same way as if you had given a paid-up policy and you will receive deductions annually for the amount of your gift to pay future premiums.

If you have borrowed against a life insurance policy, a subsequent gift of the policy will create taxable income for you-the difference between the loan balance and the fair market value of the policy. Your insurance agent or financial advisor can assist you in determining if this gift will be beneficial to you. Please note: if you are interested in getting a tax deduction, it is important that you name Spectrum

Health Foundation as the irrevocable owner of the policy and not the beneficiary. The IRS does not allow deductions for your premium payments when you retain ownership of the policy.

On the beneficiary designation form of your policy, use "Spectrum Health Foundation, a Michigan non-profit corporation, federal tax ID number 38-2752328," as the beneficiary designation on the policy.

For more information visit our website at give.spectrumhealth.org/plannedgiving.