

## **Gifts of Life Insurance**

Life insurance policies are often tax efficient means for making a meaningful gift to Gallatin Valley Land Trust. Designating the Land Trust as a beneficiary of a life insurance policy may result in significant estate tax savings. And assigning both the beneficiary designation and the ownership of a life insurance policy to the Gallatin Valley Land Trust may result in both income tax and estate tax savings.

### **More Detailed Information**

#### **How can I use life insurance to benefit the Gallatin Valley Land Trust, and what are the benefits of doing so?**

There are two simple ways life insurance can be used to benefit the Gallatin Valley Land Trust:

##### **Designation of the Gallatin Valley Land Trust as a beneficiary of a life insurance policy**

The Gallatin Valley Land Trust can be named as a beneficiary of the life insurance policy upon the death of the insured. This type of gift will not generate income tax benefits for the donor, but it will reduce the value of the donor's estate and reduce the potential estate tax obligation by passing the proceeds to charity.

If you intend to name the Gallatin Valley Land Trust as a beneficiary of a life insurance policy, you need to obtain a change of beneficiary form from your insurance company, or from your insurance agent. Once the form is completed and signed, it should be returned to the life insurance company for processing to complete the change of beneficiary designation. You should always consult with your professional advisor before making such a change, especially as estate tax laws are changing.

##### **Make a gift of a life insurance policy to the Gallatin Valley Land Trust during the insured's lifetime**

You can irrevocably assign the ownership and beneficiary designation of a life insurance policy to the Gallatin Valley Land Trust during the insured's lifetime. This guarantees that the life insurance proceeds will pass to the Gallatin Valley Land Trust at the insured's death.

If the policy is a whole life or other "permanent" insurance policy that has a cash value at the time of the transfer, the donor is entitled to an immediate charitable deduction for income tax purposes. The amount of the deduction is equal to the lesser of the fair market value of the policy, or the donor's adjusted cost basis in the policy. Your insurance company can advise you on these amounts. In addition, when the insured dies the insurance proceeds will pass to the Gallatin Valley Land Trust free of estate taxes.

If you intend to name the Gallatin Valley Land Trust as both the beneficiary and owner of a life insurance policy, you need to obtain a change of beneficiary form and a change of ownership form from your insurance company, or from your insurance agent. The forms should be completed to designate the Gallatin Valley Land Trust as the primary beneficiary of the policy and as the irrevocable owner. Once the forms are completed and signed, they should be returned to the life insurance company for processing. You should always consult with your professional advisor before making such a change in beneficiary or ownership.