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Here are a few options for what to do with 'obsolete' insurance

Do you have a life insurance policy you purchased years ago to provide financial protection — and no longer need it? If so, it may be a great asset to gift to your local church through a named endowment. Consider the benefits when you irrevocably name your church as both the owner and beneficiary of the policy:

1. You receive an income tax deduction.

When you fill out your itemized tax return, you can claim a charitable deduction for the cost basis of the policy or an amount approximately equal to the cash surrender value. For deduction purposes, the gift is treated as though it were cash. This means you can deduct the gift up to 50 percent of your adjusted gross income. And if you can't use the full deduction in the first year, you can carry forward the unused portion up to five additional years.

2. You reduce the size of your estate.

At death, the face value of most life insurance policies is includable in the taxable estate of the deceased. For some estates, this can mean a significant increase in estate taxes. However, transferring the policy during your life will remove this "hidden" asset and reduce the size of your estate and any applicable taxes.

3. You leave your current income undisturbed.

Many people desire to give more to their church, but are concerned about their own cash flow and any unforeseen emergencies. They are reluctant to reduce investment assets. People should not jeopardize their financial security in making charitable gifts. At the same time, it's quite possible that you have either forgotten about an "obsolete" life insurance policy or consider it an unneeded asset. In any case, the beauty of giving such a policy is that it doesn't affect your current income stream.

Making a gift of life insurance is easier than you might think. Your life insurance professional can help you obtain a transfer form from the insurance company or you can contact the company directly. Of course, I can assist you as well. You can reach me by calling (701) 356-7926.

We have a free brochure for you about giving life insurance. The pamphlet not only covers in more detail the paragraphs above, it explains additional ways you can use life insurance in charitable giving.

A few housekeeping notes:

IRA funded gifts: The favorable federal tax laws regarding charitable gifts made by using funds from an IRA expire at the end of 2011. Here is a quick review:

- You may distribute from your IRA up to \$100,000 per year tax-free through Dec. 31, 2011, to a qualified public charity.
- You must be 70 ½ years of age or older at the time of the gift.
- Make the transfer directly through your IRA trustee.

- Consult your tax professional for further details and explanations.

Gift annuities: The American Council on Gift Annuities recently announced that, effective Jan. 1, 2012, suggested charitable gift rates will decrease. This means that if you are interested in making a gift annuity you should start the process now to benefit from current, higher payout rates. To review payout rates for your age or to learn more about how a gift annuity can benefit you, go to our website www.fargodiocese.org and click on the stewardship tab. Or, simply call us at (701) 356-7926.

ND Tax Credit: Just a reminder, North Dakota has passed tax legislation this year which provides significant tax incentives for those who support North Dakota qualified endowments such as your local Catholic parish or diocese.

- 40 percent tax credit to individuals (or married couple) who make an outright gift
- 40 percent tax credit to individuals (or married couple) who make an irrevocable planned gift, such as a gift annuity
- The tax credit is capped at \$10,000 for individuals and \$20,000 for couples.

The office of Stewardship and Development for the Diocese of Fargo wishes all of you faithful readers a blessed Christmas season. May your homes be filled with the warmth of family and friends.

Steve Schons is director of stewardship and development for the Diocese of Fargo.