

LIFE INSURANCE

Gift Planning at the University of Virginia Darden School of Business

Leaving a Legacy for Darden

A life insurance policy provides a relatively inexpensive way to ensure financial support for spouses, children, or other dependents when we pass away. They are often used as an integral part of a “wealth replacement” estate planning strategy to provide funds for estate taxes owed at death.

But when an existing policy is no longer needed in whole or in part to satisfy its original purpose (the children are grown, the spouse is well provided for), the policy can be an ideal asset to fund a charitable gift larger than anything you might be able to fund during your lifetime.

Naming the Darden School Foundation as a Beneficiary of Your Policy

As you may know, life insurance proceeds are a taxable portion of your estate when you pass away unless you designate your spouse or a charity as your beneficiary.

By designating the University of Virginia Darden School Foundation as the beneficiary of your life insurance policy, this asset will be eliminated from your taxable estate at your death, and you will be assured that 100 percent of your designated amounts will be applied fully to the University school, unit or program you designate for the purposes you define.



Your designation will ensure a legacy of support for Darden often far greater than you might imagine, while other assets in your estate will still be available for your family and other beneficiaries.

Designating the “University Darden School Foundation” (tax ID #54-6046419) as a beneficiary of your policy is simple – just request a beneficiary designation form from your life insurance company and complete it accordingly. Note that, because your designation is revocable, you will retain maximum flexibility during your life to adjust your beneficiary

designation if your personal or family needs change.

Naming the Darden School Foundation as Owner and Beneficiary of Your Policy

If you no longer need a policy for which you have paid all premiums owed (a “paid-up” policy) or a policy for which you have made all current premium payments but for which additional premiums are owed (a “partially paid-up” policy), you might consider transferring ownership of the policy to the Darden School Foundation and designating your preferred priority as beneficiary of the policy proceeds.

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You will be entitled to a current charitable income tax deduction based on the value of the policy at the time of your contribution. If premium payments are still owed on the policy, you will be eligible for an income tax deduction for the value of the policy at the time of your contribution plus additional income tax deductions for future cash contributions you make to the University to cover premium payments as they come due.

The Cornerstone Society — Letting Us Say Thank You

On 6 October 1817, President James Monroe and former Presidents Thomas Jefferson and James Madison gathered at a ceremony to lay the cornerstone of Pavilion VII, the first structure at the University of Virginia.

Just as this cornerstone provided the foundation for the University's first building, the Cornerstone Society is laying the groundwork for the University's achievements in the decades ahead. The Cornerstone Society is the community of alumni, parents and friends who have made planned gifts to the University or its related foundations through wills, living trusts or retirement plan assets; gifts of life insurance; charitable gift annuities; and charitable remainder or lead trusts.



EXAMPLE

Mr. Smith wants to fund a scholarship benefiting students at Darden, but he knows that his modest retirement income won't provide enough resources to fund the scholarship during his lifetime.

Fortunately, Mr. Smith has a partially paid-up \$125,000 life insurance policy with an annual premium of \$2,500 and a current cash surrender value of \$75,000. Originally purchased to take care of his minor children, the policy is no longer a necessary part of his estate plan now that his children are grown.

If Mr. Smith transfers ownership of the policy to Darden, he will receive a current charitable income tax deduction for the fair market value of the policy, which the Darden Office of Advancement can help him obtain.

In each subsequent year, Mr. Smith will contribute \$2,500 cash to the University, which will in turn pay the policy premium. He will be eligible to claim a charitable income tax deduction for each cash contribution made.

At the end of Mr. Smith's life, the \$125,000 in insurance proceeds will be used to establish his scholarship.

By giving the University his insurance policy, Mr. Smith will be able to fund a charitable gift much larger than he had thought possible during his lifetime, and he will have created a thoughtful and important legacy for Darden students.

How Can We Help You?

Call +1-434-243-4825

Email plannedgiving@darden.virginia.edu

Mail

University of Virginia Darden School Foundation

P.O. Box 7726

Charlottesville, Virginia 22906-7726



The University of Virginia Darden School Foundation does not provide legal or tax advice. We recommend that you seek your own legal and tax advice in connection with gift and planning matters. To ensure compliance with certain IRS requirements, we disclose to you that this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.

YOUR PLANNED GIFTS POWER DARDEN'S PURPOSE INTO THE UNIVERSITY'S THIRD CENTURY.