

Wealth Replacement with Life Insurance

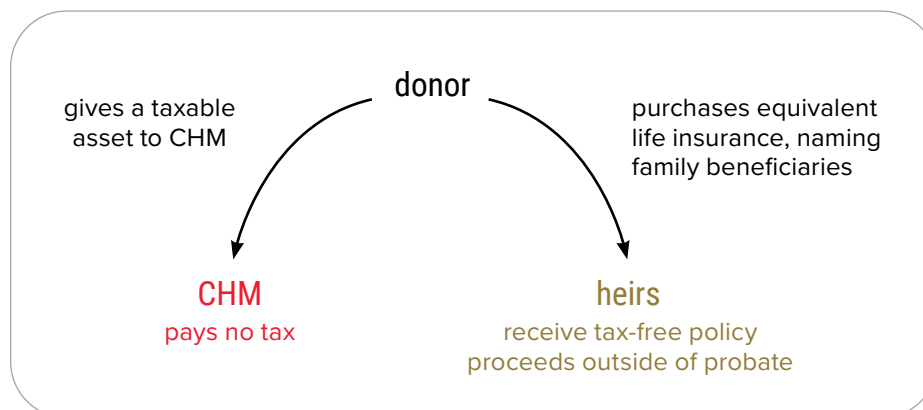
Wealth replacement provides a strategy for donors to make charitable gifts while preserving family wealth by replacing gift assets with a life insurance policy on the donor's life in an amount that reflects the value of donated assets. Life insurance proceeds bypass probate and are paid directly to heirs tax free.

Concept applied:

A donor who wants to make a lifetime gift can use the wealth replacement strategy to replace the value of donated assets with life insurance proceeds in the amount of the gift, ensuring intact family inheritances.

How it works:

Jim Tierney names a charity the beneficiary of his 401(k) plan so his heirs will not be subject to additional income tax, then purchases life insurance in the same amount to ensure an undiminished inheritance. Jim's brother, Jack, likes this idea, but takes a more complex approach using a charitable remainder trust (funded with appreciated property) and an irrevocable life insurance trust (to hold the policy). At Jack's death, the charity receives their gift and Jack's children receive the policy proceeds.



Why is it useful?

Life insurance gives a donor the ability to make a gift without adversely affecting family inheritances. Using trusts can provide additional tax benefits and ensure asset protection.



PLANNED GIVING

CHM: NOW AND INTO THE FUTURE

From the telescope to the printing press to the steam engine, technological revolutions have always transformed the human condition. But never has there been a technological revolution set to change our world in pace, scope, and scale as the one in which we are currently immersed. Nonexistent only a lifetime ago, the forces of change brought on by the computing revolution are permanent, universal, and accelerating at an exponential rate. Great opportunities and great challenges have arisen on a scale never seen before.

This complex present and even more uncertain future requires a new citizenship—one that is equipped with knowledge, inspired by vision, and empowered to take action; one that values problem-solving, critical thinking, and collaboration; one that sets innovation and leadership in pursuit of equitable growth; and one committed to creating a sustainable future and improving the quality of life for this generation and the next.

CHM is in a unique position to empower people as catalysts for change inside our current technological revolution. CHM is using its extensive network and historical expertise amassed over four decades to promote a new citizenship for the digital age, bringing together companies and nonprofits, government leaders and policymakers, scholars and educators—because it will take all of us working together to build the future we envision.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT

Computer History Museum

Diana Gor

Associate Director of Philanthropy, Legacy, and Major Gifts

dgor@computerhistory.org

computerhistory.org

Tax information provided herein is not intended as tax or legal advice and cannot be relied on to avoid statutory penalties. Always check with your tax and financial advisors before implementing any gift.

©Endowment Development Services, a PGI Partners company