Gift Planning Tip:
Life insurance can be used in many ways to help you make charitable gifts more effectively. One example is the use of life insurance to "replace" funds in your estate that have been devoted to charitable use. The life insurance proceeds serve to provide heirs an inheritance that might not otherwise be available.

Benefits of gifting life insurance
- A gift of life insurance is economical and tax deductible in most cases.
- A gift of life insurance is generally easy to make.
- A gift of life insurance is not a matter of public record.
- With a gift of life insurance, proceeds are paid to the beneficiary in cash quickly after death and usually are not included in the probate process.

Gifts of Life Insurance

Today it is not uncommon for people to have more than one life insurance policy. Multiple policies are purchased for a number of reasons, such as to provide financial security for family members, to pay for estate taxes and other expenses associated with the settlement of an estate, or as a savings plan. Life insurance is a versatile financial planning tool, and can also be a convenient way to give to Penn State and the college, campus, or program of your choice.

Gifts of Existing Life Insurance Policies
If you are interested in gifting life insurance to Penn State, you may want to review the policies you own and ask yourself these questions:
- Do you own a policy on a child who has now achieved financial independence?
- Have you paid off your home’s mortgage and no longer need to maintain a mortgage life insurance policy?
- Do you hold a policy on a business that no longer exists?
- Did you purchase a policy with the intention of benefitting a family member who has predeceased you?
- Do you own a policy that your parents bought for you as a child?
- Do you have a policy to provide you with retirement income, and find that the policy is no longer needed?
- Did you purchase a policy intended to pay estate taxes, and find that you may no longer need it to do so?
Let us help you plan. Penn State's Office of Gift Planning will confidentially answer your questions about giving and work closely with your legal, tax, and other advisers to come up with an integrated plan that meets each of your personal goals. Please contact us anytime or visit our interactive gift planning website at giftplanning.psu.edu.

### Tax Benefits of Gifting Life Insurance

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<thead>
<tr>
<th>Gifting Option</th>
<th>Tax Benefit</th>
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<tbody>
<tr>
<td>Donate an existing, paid-up policy.</td>
<td>You may deduct the approximate cash surrender value.</td>
</tr>
<tr>
<td>Purchase a new life insurance policy.</td>
<td>You may deduct the premiums paid if The Pennsylvania State University is named owner, with the college, campus, or program designated as beneficiary.</td>
</tr>
<tr>
<td>Give an existing policy on which you are continuing to pay premiums.</td>
<td>You may deduct the approximate cash value and future premiums paid if policy ownership is assigned to The Pennsylvania State University, with the college, campus, or program designated as beneficiary.</td>
</tr>
<tr>
<td>Name The Pennsylvania State University as beneficiary of a policy you already own.</td>
<td>Premiums are not deductible in this case since beneficiaries can be changed.</td>
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### Opportunity

After meeting with her professional tax adviser, Mrs. Nittany purchases a new $250,000 life insurance policy with $200 monthly premiums. She names The Pennsylvania State University as the policy owner. As long as she pays the premiums each month, she is entitled to take a $2,400 tax deduction on her annual federal income tax return. Since the owner and beneficiary of the policy is the University, the policy proceeds will not be included in Mrs. Nittany’s estate, nor will they be subject to probate.

### How Can We Help?

Since life insurance is something most families today own, it can be an extremely versatile tool to meet your charitable giving objectives. If you have questions about making a gift of life insurance, please do not hesitate to contact the staff at Penn State’s Office of Gift Planning:

- Office of Gift Planning
- The Pennsylvania State University
- 214 103 Building
- University Park, PA 16802
- Toll-free: 888-800-9170
- Fax: 814-865-0893
- Email: GiftPlanning@psu.edu
- giftplanning.psu.edu