



LOUISIANA
BAPTIST
FOUNDATION

An Agency of the
Louisiana Baptist Convention

Giving By Contract

Gifts from Life Insurance, Retirement Assets

Assets held in retirement accounts and proceeds from life insurance policies can often make up the largest portion of an individual's total estate. When making estate plans, it is important to understand that these assets need special attention to ensure that they pass to the designated beneficiary with as little tax consequence as possible. Retirement assets and insurance proceeds are considered to be "non-probate" assets. In other words they are not directed to the heirs or recipients by means of a Last Will and Testament.

When a retirement account or life insurance policy is opened or issued, the account owner/policy holder signs a *beneficiary statement* that directs the assets upon death. These assets are passed to the designated beneficiary in accordance with the insurance contract or account agreement.

Retirement accounts and insurance policies are useful for making charitable gifts, but forethought and planning is required to make sure these assets are passed to the intended beneficiary(ies) with minimal taxes due.

"NOT ONCE HAVE I BEEN WITNESS TO GOD'S FAILURE TO SUPPLY MY NEED WHEN FIRST I HAD GIVEN FOR THE FURTHERANCE OF HIS WORK. HE HAS NEVER FAILED IN HIS PROMISE, SO I CANNOT FAIL IN MY SERVICE TO HIM."

WILLIAM CAREY

THUS ALL THE TITHE OF THE LAND, OF THE SEED OF THE LAND OR OF THE FRUIT OF THE TREE, IS THE LORD'S; IT IS HOLY TO THE LORD.

LEVITICUS 27:30

The Louisiana Baptist Foundation has been assisting donors with Charitable Gift Annuities, Bequests, and other charitable giving arrangements since 1944. Please call to learn more about Multiplying the Ministry God has placed on your heart.

This information is not to be substituted for legal advice. Consult a knowledgeable legal professional to assist you with your estate planning needs.

For more information on gifts of life insurance and retirement assets or other giving opportunities contact the Foundation.

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GIVING RETIREMENT ASSETS

When you plan your estate, it may seem natural to automatically designate a child or other relative as the beneficiary of IRA, 401(k) or other retirement account after your death, while using other assets to make a charitable gift. However, using assets in this manner can create an undue tax burden. Not only are the assets in your retirement account subject to estate tax, but also income tax when received by an individual. A large portion of the account value may be consumed by taxes.

As an alternative, the Foundation can be named as the beneficiary of your retirement plan, while other assets that are not subject to income tax are gifted to your heirs. The Foundation is a non-profit organization and does not pay income tax on the distribution (nor will the gift be subject to estate tax). In addition the Foundation will direct the proceeds to benefit the ministry of your choice. Meanwhile your heirs will receive other assets of your estate without the extra income tax burden.

GIVING LIFE INSURANCE

One of the simplest ways to support your favorite Baptist cause or other charity through your estate plan is to name them as a beneficiary of your life insurance policy. Naming the charity as a beneficiary of even a small portion (i.e. 5% or 10%) can have a significant impact on their ability to carry out their ministry.

Paid-up life insurance policies can be used to fund a gift through the Foundation. If, for instance, you acquired several life insurance policies when your family was younger, these policies may not be needed as your life circumstances change. Donating the policy provides a significant gift to the ministry of your choice and can provide you with a charitable tax deduction.

You can also transfer ownership of an existing policy which is not yet paid up. You can make deductible gifts to the Foundation to offset premium payments to continue keep the policy in force.



LOUISIANA
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FOUNDATION

Advancing the Kingdom

One dollar at a time. One ministry at a time. One life at a time.