

# LIFE INSURANCE

GIFT PLANNING AT THE



UVA HEALTH SYSTEM

## *Leaving a Legacy for the UVA Health System*

A life insurance policy provides a relatively inexpensive way to ensure financial support for spouses, children, or other dependents when we die. Life insurance policies are also 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 UVA Health System as a Beneficiary of Your Policy***

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

By designating the University of Virginia Health System 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% of your designated amounts will be applied fully to the UVA Health System school, center, or program you designate for the purposes you define.

Your designation will ensure a legacy of support for the UVA Health System



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 UVA Health System 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 UVA Health System 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 UVA Health System and designating your preferred school, center, or program as beneficiary of the policy proceeds.

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 UVA Health System to cover premium payments as they come due.



**The University of Virginia  
Cornerstone Society—  
Letting Us Say Thank You**

The Cornerstone Society recognizes alumni and friends who have made planned gifts to the University through wills, living trusts, or retirement plans; life insurance; pooled income fund gifts, gift annuities and charitable remainder trusts or lead trusts.

The Cornerstone Society takes its name from the cornerstone of Pavilion VII laid in 1817 at a ceremony attended by James Madison, James Monroe and Thomas Jefferson. Just as the cornerstone of Pavilion VII provided the foundation for the University's first building, our Cornerstone Society members are laying the groundwork for the University's future.

EXAMPLE

*Mr. Smith wants to fund a scholarship benefiting students at the UVA School of Nursing, 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 children, the policy is no longer a necessary part of Mr. Smith's estate plan now that his children are grown.*

*If Mr. Smith transfers ownership of the policy to the UVA Health System, he will receive a current charitable income tax deduction for the fair market value of the policy.*

*In each subsequent year, Mr. Smith will contribute \$2,500 cash to the UVA Health System, which will in turn pay the policy premium. Mr. Smith 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 Mr. Smith's scholarship. By giving the UVA Health System 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 the UVA's nursing students.*

**Whom Do I Contact?**

For more information about how a gift of life insurance might fit your overall giving plan, please contact the Office of Gift Planning, P.O. Box 400807, Charlottesville, VA 22904-4807; send us an email at [giftplanning@virginia.edu](mailto:giftplanning@virginia.edu); or call (434) 924-7306 or (800) 688-9882. You can also find more information about other planned gifts on the Gift Planning Web site at [www.virginia.edu/giftplanning](http://www.virginia.edu/giftplanning).



The University of Virginia 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.