



## Deferred Giving Guidelines

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# Giving the Gift of Life Insurance

Life insurance is an ideal means for a substantial gift. A modest annual contribution for a limited period keeps it in force, and the ultimate amount of the gift is much greater than the total amount of annual contributions. Giving through life insurance enables a donor to make a meaningful gift after their lifetime—far outweighing the contributions made during their lifespan. Since premiums are generally deductible for income tax purposes, the cost of the gift is low and you often receive a large tax benefit for your charitable giving.

Individuals contemplating making a gift to the Aga Khan Foundation through a life insurance policy should consult a qualified professional for advice on their particular financial or tax situation. As circumstances and personal preferences vary widely, the Foundation is not in a position to offer such advice to its donors.

### HOW TO PARTICIPATE

1. The Foundation strongly recommends that all potential donors consult their family, as well as their legal and financial advisors, prior to making a deferred giving commitment. Individuals should also take the necessary steps to ensure that they have made adequate provisions for their family and heirs after their demise.
2. Having taken these steps, the Foundation would welcome an opportunity to discuss the proposed deferred gift with the benefactor, his or her spouse, and members of the family so that a family decision is made to support the Foundation.
3. If, following these actions, the benefactor decides to make the deferred gift, s/he should review, fully complete, sign, and date a pledge form, and return it to the Foundation's Planned and Legacy Giving (PLG) Officer.
4. The donor may contract with his or her own insurance agent and company directly, provided that the insurance company meets the criteria established by the Foundation for this program. Alternatively, the donor can request the Foundation to provide information on agents and companies. Such information is provided to donors as a convenience only. The Foundation does not accept any liability resulting from reliance on this information.



5. The donor should complete all required application forms for the issuance of a life insurance policy. The agent selected by the donor will provide these forms. If a medical examination is required, it should be carried out at the donor's convenience and designated location, at the expense of the life insurance company.
6. The Foundation recommends that a waiver of premium in case of disability be included in the policy. At the donor's option, a double indemnity in case of accidental death may also be included as part of the benefits under the policy.
7. After the policy has been issued, the insurance premiums are paid directly to the Foundation as tax-deductible charitable contributions. These premiums may be paid annually or semi-annually. The amount of the premium will vary according to age, sex, and general health condition of the benefactor.
8. Depending upon the preference of the donor, the policy could be structured in order that premiums are expected to be off-set or cease after a period not exceeding seven years after the issuance of the policy, although this is in no way guaranteed.
9. The policy will be owned by the Foundation, which will also be designated as sole beneficiary, and will be held in safekeeping by the Foundation in accordance with procedures established by its auditors. The benefactor would make contributions to the Foundation and support the policy until the benefit is guaranteed.

#### CRITERIA FOR SELECTING LIFE INSURANCE COMPANIES

There are many insurance companies that provide life insurance services of the type eligible for the Foundation's deferred giving program. Two basic objectives have guided the preparation of this set of criteria. Firstly, because of the long-term focus of the program, the overall financial strength of the firm is of critical concern to the Foundation. Secondly, it is important that donor contributions are used in a cost-effective manner and that premiums are not unreasonably high for the service provided. While these two objectives are extremely important, the Foundation also wishes to assure that within the established guidelines, donors are free to choose agents with whom they may have a long-standing relationship. Given these guidelines, the Foundation requires that companies meet the following criteria: (1) they are 89 or above on the Comdex Rating Scale; and (2) the Foundation has a preference for mutual companies.

Exceptions to these rules will only be considered on a case-by-case basis.

For more details, please contact 202-293-2537, extension 101, or email [legacy.akfusa@akdn.org](mailto:legacy.akfusa@akdn.org).