

Donating complex assets

Insurance policy

A gift of life insurance to a donor-advised fund can be a great way to tax-efficiently liquidate a valuable yet less productive asset from your portfolio and realize its value during your lifetime—all while supporting the causes you love.

Why donate complex assets to a donor-advised fund?

- Receive a tax deduction based on an asset's fair market value.
- Avoid recognition of capital gains on highly appreciated assets.
- Rebalance your portfolio in a tax-efficient way.
- Avoid tedious paperwork required to donate the asset to multiple organizations.
- Support many charities over time with the proceeds from one donation to Vanguard Charitable.

Benefits of gifting an insurance policy:

- Receive an immediate income tax deduction, rather than an estate tax deduction upon passing.
- Rebalance a financial portfolio tax-efficiently.
- Recommend assets be invested, allowing them to grow and, over time, generate more charitable dollars for charity.
- Support numerous charities from a single contribution.

How to give: A donor story

A middle age couple wished to donate their universal insurance policy from a major insurance company to their philanthropic account. The donors felt the policy was no longer necessary because they were now financially stable, lived a comfortable lifestyle, and had two grown children who were supporting themselves. Unsure of how to get started, the donors called Vanguard Charitable to discuss the overall process, which includes a contribution minimum and approval from a Vanguard Charitable officer.

After the contribution was approved, the donors contacted the insurance company to request the transfer of ownership of the policy to Vanguard Charitable, which can take up to two months to complete. (Note: Donors must initiate the process with the insurance company, as they own the policy.) The policy was then transferred to Vanguard Charitable through paperwork provided by the insurance company to the policy owner.

Once under Vanguard Charitable's control, the policy was surrendered and the surrender value of the policy was applied to the donors' account, allowing them to recommend grants to multiple charities.

Apply to your giving

How many insurance policies, and of what type, do I currently have in my portfolio?	
Are there are complications surrounding the asset? (E.g. the policy is not fully paid off.)	
How do these policies fit into my financial goals? Is the policy still necessary?	

For more information about contributing complex assets, visit vanguardcharitable.org/complexassets