

CPGR Technical Series program for October, 2009

“Life Insurance and charitable giving, do the two mix? Learn how to understand what you are being ‘sold’. Panelists Bill Schmidt, Holland and Hart, Norm Close, UMB Bank, and Gordon Smith, National Jewish Health, will give you their perspectives on life insurance and where it may or may not fit as a charitable gift.

Panel Facilitator

Sara Silva

Introduction and explanation (20-25 minutes):

Bill Schmidt

- Types: Term, UL, VUL, WL
- Underlying assumptions: mortality, interest rates, etc.
- Insurance Regulations and assumptions
 - “Insurable Interest”
 - State Insurance commissioners and their objectives
- Traditional uses:
 - Charity owner and beneficiary, donor pays (deducts) premium
 - Charity beneficiary, donor pays (can’t deduct) premium
 - Other charitable uses?
- Some of the current programs being promoted
 - Life Settlements (sell current policy)
 - “Other” owner policies that might benefit charity where “donor” puts up insurable interest and no capital (since there are many variations so do basics)
 - Combination of both
 - What is in it for charity?

Insurance evaluation (10-15 minutes):

Norm Close

- Evaluation of currently promoted strategies used including:
 - Structure: The Form and Substance
 - Evaluating Components of Tiered Transactions; Examples
 - Each Parties Motive: Commissions, premium; cash, deduction, fraud protection (How much is too much?)
 - Risk: Product performance, IRS, Arbitrage, Litigation, Reputation
 - Evaluation of insurance carriers (financial well-being)
- Due Diligence; Due Care

The charities perspective (10-15 minutes):

Gordon Smith

- Real life examples (in brief) within last year
- What happens when approached from Board Member/Trustee
- How does the staff evaluate?
- What about liability and public relations?

Question and answer to the panel (15-20 minutes): **All**