

## **Life Insurance**

You can name The Hearts Center as the beneficiary of your life insurance. As the named beneficiary, The Hearts Center will receive the funds quickly and easily. Using a life insurance policy is an ideal way to leave a financial legacy to ensure that The Hearts Center work continues.

Here is how to name The Hearts Center as the beneficiary of your life insurance:

### **Step 1: Beneficiary Designation Form**

Contact your insurance company for the proper beneficiary form.

### **Step 2: Specify “The Hearts Center Inc.”**

Clearly state the official name “The Hearts Center Inc.” on your Life Insurance beneficiary designation form, and add this address: 130 N. 2nd Street, Livingston, MT, 59047.

### **Step 3: Specify Percentage**

Specify whether “The Hearts Center Inc.” is to receive all of your life insurance assets (100%) or a certain percentage. Beneficiary designation forms allow you to apportion your life insurance assets among different beneficiaries, if you so desire.

### **Step 4: Refer to your Life Insurance in your Will and/or Trust**

Include a reference to your Life Insurance beneficiary decision in your will or trust documents. While a beneficiary designation takes precedence over any other estate documents, referring to your choice of beneficiary in your will or trust can eliminate any chance of misinterpretation regarding your intentions for your assets.

### **Step 5: Tell your Lawyer and/or Heirs**

Make sure your lawyer and heirs know that your Life Insurance policy exists and how to contact the insurance company. Someone is required to send the life insurance company your death certificate to start the claims process.

### **Contingent Beneficiary**

A contingent beneficiary receives your life insurance death benefit if your primary beneficiary dies. Naming a contingent beneficiary keeps the benefit out of probate court.

If, for example, your primary beneficiary is your spouse and you have no children or other heirs, you can name The Hearts Center as your contingent beneficiary in case your spouse dies with or before you.

Without a contingent beneficiary, your insurance payout goes through probate and may be subject to estate taxes or debt collection. The type of policy

There are certain policies that lend themselves better to charitable giving.

### *Permanent policies*

Permanent policies such as whole life or universal life are ongoing and do not expire as long as the premiums are paid. These types of policies ensure that The Hearts Center receives your gift.

### *Term Life*

A term life policy may not be the ideal choice because it can potentially expire before you die.

### *Rider*

Some life insurance companies provide the option of adding a charitable-giving life insurance rider. This rider can be attached to policies with high face values typically allowing up to 1-2 percent of the policy's final payout to go directly to the organization of your choice such as The Hearts Center.

### Tax deductions

The tax-deductible benefit for leaving your life insurance to a charity is equal to the policy's cash value, plus any premiums paid on the policy after the gift is made. To take advantage of the income tax benefit, you would name The Hearts Center as both the owner and the beneficiary.

### **401k**

You can gift your 401(k) to The Hearts Center upon your passing. Follow the five (5) simple steps listed below to name The Hearts Center as your beneficiary.

For estate planning purposes, leaving your 401(k) to a non-profit organization such as The Hearts Center is easy and also saves taxes. When you designate The Hearts Center as your beneficiary, your 401(k) assets pass tax-free whereas those assets would be taxable if they passed to your estate or to your heirs. Making The Hearts Center your 401(k) beneficiary allows you to donate more of your assets.

Here is how to gift your 401K:

#### Step 1: Beneficiary Designation Form

Contact your employer's human resources department for the proper beneficiary forms. A 401(k) is a company-sponsored retirement plan, so your company's human resources department should have the forms you need to designate your beneficiary. If you have your own self-employed 401(k) plan, the firm that has custody of your plan assets should have beneficiary designation forms.

### Step 2: Consent of Your Spouse

Get the consent of your spouse in writing. Federal law prohibits you from naming anyone but your spouse as the primary beneficiary of your 401(k) unless your spouse agrees and signs a waiver. Failure to obtain this written permission could block your intentions to leave your 401(k) to a charity. Therefore, if your spouse signs a waiver, you can designate anyone that you choose as your 401(k) beneficiary.

### Step 3: Specify “The Hearts Center Inc.”

Clearly define the name “The Hearts Center Inc. at 130 N. 2nd Street, Livingston, MT, 59047” on your beneficiary designation forms. While passing your 401(k) assets to a charity is a straightforward process, you must use the full and correct name of “The Hearts Center Inc.” as your charity, or your transfer may not go as planned. In the case of any ambiguity, your 401(k) assets will be distributed to your estate.

### Step 4: Specify the Percentage

Specify whether “The Hearts Center Inc.” is to receive all of your 401(k) assets (100%) or a certain percentage. Beneficiary designation forms allow you to apportion your 401(k) assets among different beneficiaries, if you so desire.

### Step 5: Refer to your 401K in your Will and/or Trust

Include a reference to your 401K beneficiary decision in your will or trust documents. While a beneficiary designation takes precedence over any other estate documents, referring to your choice of 401(k) beneficiary in your will or trust can eliminate any chance of misinterpretation regarding your intentions for your 401(k) assets.