

# Charitable gifting to help maximize your client's tax deduction

## How your clients can give and receive with a smart gifting strategy

Many Americans may want to give to their favorite charity, but are reluctant because of today's tax environment. That's because the Tax Cuts and Jobs Act increased the standard deduction to \$12,400 for individuals and \$24,800 for married couples who file jointly. Because most taxpayers are likely to use the standard deduction, philanthropists need a new strategy for making charitable gifts.

Here's how your clients can get a full charitable deduction by making a larger gift every few years with a variable universal life (VUL) policy.



### Meet Phyllis

She's age 55 and in good health.

Phyllis is retired and spends time helping her favorite animal shelter find donors. While she's made substantial donations to the shelter, she wants to do more for the rescue organization.

### Why Phyllis chooses life insurance for charitable giving



She creates a larger gift with a smaller financial contribution.



She gets the tax advantage of a full charitable deduction.



The charity receives cash value distributions plus the death benefit.

### How the gifting strategy is designed to work

Phyllis purchases a VUL policy with an \$80,000 single premium. She designates the animal shelter as the policyowner and beneficiary, and they can take distributions from the cash value. Since the shelter is tax-exempt, there are no potential tax implications due to loans.

### The outcome: Her gift can potentially more than double

\$80,000 single premium VUL policy	
\$8,000 annual cash value to charity via loan proceeds for 21 years <sup>1</sup>	<b>\$168,000 tax-free distributions</b>
An additional tax-free benefit received by the charity if Phyllis dies at age 100	<b>\$429,043 tax-free death benefit</b>
	<b>\$597,043 potential total gift</b>
Tax benefit for Phyllis	
Phyllis can itemize this current contribution on her tax return and gain a tax benefit for her charitable gift. <sup>2</sup>	<b>\$80,000 itemized charitable deduction</b>

Hypothetical illustration assumes female, age 55, preferred plus, \$80,000 single premium, level death benefit option. Solve for minimum level death benefit. Assumes 8.0% rate of return and current charges. **Annual fixed loans of \$8,000 ages 65-85. At 0% return and annual fixed loans of \$8,000 in ages 65-67, policy lapses in year 16.**

Insurance products issued by:  
The Lincoln National Life Insurance Company  
Lincoln Life & Annuity Company of New York

## Why choose *Lincoln AssetEdge*®?

- **Significant growth opportunities** through a choice of investment options that maximize growth potential<sup>3</sup>
- **Risk-driven options** through four indexed accounts, all with market downside protection
- **Solid financial protection** with no-lapse protection for up to 20 years<sup>4</sup>
- **Access to cash value** tax-free for future needs like retirement
- **Tax advantages** for you and your heirs without impacting income taxes



To discuss a case or learn more about tax-efficient charitable gifting strategies, contact your Lincoln representative.

<sup>1</sup> As long as your account value is at a sufficient level, you can take loans or withdrawals. This reduces the account value and death benefit, may cause the policy to lapse, and may have tax implications. Withdrawals and surrenders are tax-free up to the cost basis, provided the policy is not a modified endowment contract (MEC). This policy would be considered a MEC. If surrendered, the cash surrender value may be worth more or less than total premiums paid. Withdrawals from an indexed account before the end of the segment term will not receive credited interest. <sup>2</sup> Once a pattern of giving has been confirmed, the gift amount will be based on the annual gift or a percentage of an individual's net worth. <sup>3</sup> Policy values will fluctuate and are subject to market risk and possible loss of principal. <sup>4</sup> If the no-lapse benefit expires or terminates, the account value must be sufficient to keep the policy in-force or additional premiums will be required to avoid the policy lapse. Paying only the premium required to satisfy the no-lapse guarantee may lessen the potential for build-up of the policy's account value.

Not a deposit
Not FDIC-insured
Not insured by any federal government agency
Not guaranteed by any bank or savings association
May go down in value

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### Insurance policies:

*Lincoln AssetEdge*® VUL (2020) is issued on policy form ICC20-VUL688/20-VUL688 and state variations; policy form LN683 in New York.

**Variable products:** Policy values will fluctuate and are subject to market risk and to possible loss of principal.

**Variable products are sold by prospectuses, which contain the investment objectives, risks, and charges and expenses of the variable product and its underlying investment options. Read carefully before investing.**

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