



Philanthropic Planning with Life Insurance

This document outlines how individuals and/or families can make a donation to the MedEvac Foundation International via a Life Insurance policy through the Foundation's Life Insurance Gift Program.

Items to review, include and remember when developing an insurance policy plan for funds to be provided to the Foundation:

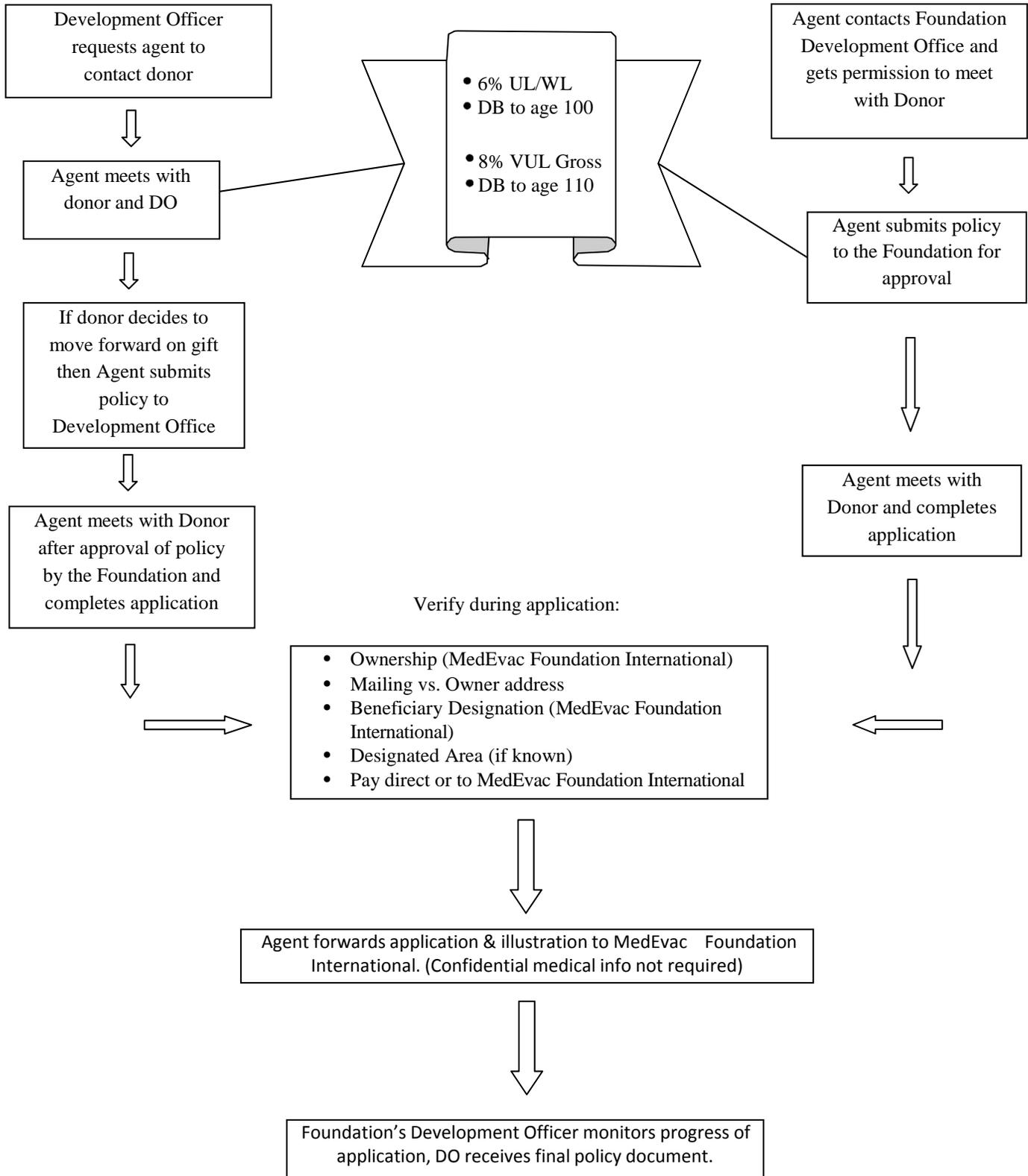
- 1. What type of policy is being provided (i.e. Whole life, Adjustable life, Universal life, Variable universal life)**
- 2. Does the policy run until age 100 or higher?**
- 3. Does the policy show a positive cash value throughout?**
- 4. Does the policy show a net rate of 6% (8% for variable universal life policies)?**
Once approved, the policy is sent to the appropriate person for signatures. A copy is made for the donor file and the original is sent back to the agent via FedEx.
- 5. Donor is added to a pending insurance policy chart for record keeping throughout the process.**
 - a. Ownership & Beneficiaries**
 - b. Premium Payments**

The Charitable Insurance Policy Process is as follows:

- 1. Policy Creation**
 - a. Initiating the Gift**
 - b. Qualifying the Gift**
 - c. Implementing the Gift**
- 2. Policy Administration**
 - a. Recording Policy Information**
 - b. Annual Reviews**
 - c. In-force Policies**
 - d. Premium Contributions**
 - e. Stewardship for Self-Paying Policies**
 - f. Charitable Deduction and Gift-in-Kind Receipts**

The Foundation Initiates

Agent Initiates



Insurance Gift Procedures
Additional Information:

- 1) Clear approach with Development Officer to insure that this particular prospect is not currently being solicited by the Foundation Board of Trustees.
- 2) OWNERSHIP: The policy must be owned by the charity (MedEvac Foundation International) in order for the donor to receive a charitable deduction for premiums paid.

MedEvac Foundation International
EIN:
Phone: 703-836-8732
- 3) MAILING ADDRESS:

MEDEVAC FOUNDATION INTERNATIONAL
ATTN: PLANNED GIVING
909 NORTH WASHINGTON STREET
ALEXANDRIA, VA 22314
- 4) Beneficiary Designation: Should list the MedEvac Foundation International accordingly. It is best not to list the specific designated area on the application as the donor may change his/her mind later; this helps avoid having to change anything with the insurance company.
- 5) Designated Area: Even though the designated area is not usually listed on the application, the Foundation will ask the donor what area(s) he/she wishes to help.
- 6) Premium Payments: For premium payments, the Insurance agents will verify with the donor that the premiums will be paid to the insurance company directly and not to the Foundation.

The MedEvac Foundation International

Development Office Agent Agreement

The MedEvac Foundation International, an international nonprofit, 501c3 charitable organization, will accept—without the necessity of review and approval by the Board of Trustees—gifts of life insurance policies, which meet the following criteria:

1. Existing Plans

A. Policies which are currently in force and are considered paid up policies and which the donor(s) names the MedEvac Foundation International as both the beneficiary and owner of the policy.

1. The charitable deduction for these types of policies will be equal to the lesser of:
 - a. the cost basis; or
 - b. The fair market value of the contract. The fair market value is defined as the replacement value of the contract. The replacement value is equal to what the donor would have to pay for a new single premium policy with the same death benefit for his/her current age (the issuing insurance company will provide the replacement cost for the policy).
 - c. If the value of the policy is \$5,000 or more than an appraisal of the policy will be recommended. This is a cost incurred by the donor and must come from a qualified appraiser.

B. Policies which are currently in force, self-paying or the donor continues to pay the premiums, and the donor names the MedEvac Foundation International as the owner and beneficiary:

1. The charitable deduction for these types of policies will be equal to the lesser of:
 - a. The cost basis; or
 - b. The fair market value of the contract. The fair market value is defined as the interpolated terminal reserve plus unearned premium. The interpolated terminal reserve plus unearned premium is roughly equal to the cash surrender value (the issuing insurance company will provide the interpolated terminal reserve plus unearned premium). For insurance policies with a value of less than \$5,000 the issuing insurance company will provide a form 712 for this value; or
 - c. The cash surrender value of the policy. The cash surrender value is the net value of the policy, (which is its gross cash value minus any loans, interest, and/or other terminal costs) if it were surrendered for its cash

- value; or
- d. If the value of the policy is \$5,000 or more than an appraisal of the policy will be recommended. This is a cost incurred by the donor and must come from a qualified appraiser.
2. If the existing policy is compliant within the parameters of new plans as identified and explained, then no additional processing or record keeping is required.
 3. If the existing policy does not comply with any one of the following required parameters of which all new policies must comply, then, the Development Officer will be responsible for the annual review of this policy. The required parameters are as follows:
 - a. The policy must run to age 100 and show a positive cash value through that age.
 - b. For all policies other than Variable Universal Life (VUL) policies the policy cannot be sold for a greater than a 6% value.
 - c. On Variable Universal Life Policies a gross 8% may be used which will allow the policy to be run at a higher than 6% net rate. This variation is due to the investment quality of VUL, which is a feature attractive to donors and for which the policy is designed to provide through its investment options a higher return than the portfolio rate of non-VUL policies. These policies should also be run to endow at age 100 or contain the no lapse guarantee as part of the contract.
 - d. The company must be ranked in one of the top 2 tiers of rating companies, (i.e. A.M. Best, Moody's, Standard and Poor's, Fitch's).
 4. The annual review of these policies, which will exceed the normal reviews and record keeping, is designed to protect the gift value for both the donor and the Foundation. Therefore, in keeping with this fiduciary responsibility the following applies:
 - a. If it appears from all research that the quality of the company or the quality of the product is below the Foundation's standards of acceptance, the Development Officer will notify the agent and the donor in writing that the policy does not comply with the Foundation's standards and that should the policy's cash values drop in any year the policy will be surrendered for its cash value.

This is a standard practice for all life insurance policies held by the Foundation as an accepted gift. Though this may seem harsh, it is the same standard as for a new policy, which has passed the scrutiny of nationally recognized nonprofit's Planned Giving Unit.

- b. Should the policy demonstrate that the policy will not be in force to age 100, then

the Development Officer will request of the agent or the commercial insurance carrier an in force policy. The purpose for this request is that even though there may be an increase in the policy's cash values from year to year, the policy may still not be in force to age 100 and as a result not be in force when needed to fulfill the donor's wish and the Foundation's need.

Though the policy may demonstrate less than age 100 in force compliance, this in itself is not sufficient reason to surrender the policy for its cash value. The triggering event for the surrender of the policy for its cash value, as is the case for all life insurance policies, is the drop in the current year's cash value from the previous year.

- c. In all cases when the policy is no longer providing the values necessary for a successful completion the Development Officer will be responsible to contact the donor and the agent to discuss the surrender of the policy for its cash value and ask of the donor where the remaining funds from the policy should be directed.

NOTE: If the donor decides to retain ownership of the existing policy but names the Foundation as the beneficiary (either revocable or irrevocable) the donor will not receive any charitable contribution deduction for the gift due to the fact the donor has retained the right of ownership. Therefore, it is recommended that the Development Officer provide the donor with written notification regarding the outcome of this type of gift and encourages the donor to complete this gift by having the Foundation named as the owner and the beneficiary.

2. New Plans

- A. Neither the Foundation will endorse insurance products or insurance companies.
- B. In no event shall the Foundation or its employees become involved in furnishing names of its constituents to others for the purpose of marketing life insurance products to those constituents.
- C. Though no products or insurance companies will be endorsed by the Foundation, there are products within the marketplace which are more appropriate for the benefit of the Foundation and it is those products which have received approval from the Foundation to accept without further review. Those products, at this time, are:
 - Whole life
 - Adjustable life
 - Universal life
 - Variable Universal life

Though these products are more acceptable to the Foundation in order for them to be accepted without further review by the Foundation they must comply with the following rules:

1. All policies on Whole Life, Universal Life, and Adjustable Life shall show a current rate of return for the product presented, a company guaranteed rate of return, and if the current rate of return is higher than a 6% rate of return, then this (6%) rate must be included and filed with the recording of the gift. If the policy has a higher than 6% current rate of return then the policy must be sold at the 6% rate of return and the accompanying policy must reflect this requirement.
 2. On Variable Universal Life policies a gross 8% may be used which will allow the policy to be run at a higher than 6% net rate. This variation is due to the investment quality of VUL, which is a feature attractive to donors and for which the policy is designed to provide through its investment options a higher return than the portfolio rate of non-VUL policies.
 3. All Universal Life Policy policies will provide coverage to age 100 and will do so at the illustrated current rate and the 6% rate. If the policy has a lower than 6% current rate of return then the policy will demonstrate coverage to age 100 at the lower current rate of return. If a guaranteed death benefit rider is attached to a UL policy the policy will be accepted even if the cash value drops to zero before age 100.
 4. All Variable Life Policy policies will provide coverage to age 110 with a cash value equal to the face value of the policy when showing an 8% gross return. The endowed requirement will be waived if there is a guaranteed death benefit rider attached to the policy.
 5. Due diligence on the part of the Development Officer must accompany each life insurance policy prior to acceptance. Part of this due diligence, but not exclusive of other components, is an historical review of the underwriting insurance company's portfolio rate and return for the previous 10 years; the claim's paying capability; the rating by the independent rating companies of A.M. Best, Moody's, Standard and Poors, and any others deemed appropriate by the Development Officer. This report must accompany the completion of the gift and become part of the recorded documentation held in either a paper or electronic file.
 6. The minimum ratings the Foundation will accept for acceptance of policies which are submitted as a gift are as follows:
 - a. A.M. Best – A++, A+
 - b. Moody's Insurance Financial Strength - Aaa, Aa
 - c. Standard and Poor's – AAA, AA
 - d. Fitch – AAA, AA
- D. The charitable deduction is equal to the lesser of:
1. The value of the premiums paid by the donor or the cash value. This is also known as the cost basis of the policy.

2. As the donor will pay the premium directly to the insurance company then the Foundation will require from the insurance company some form of documentation that this premium payment has been made. This documentation can either be mailed or emailed to the Development Office, MedEvac Foundation International, in order to verify that the premium has been paid.
3. In the case of an automatic premium payment through the donor's bank or financial institution the Foundation will request from the writing insurance agent some form of notification from either the insurance company or from the writing agent that the premium payment has been made.

The Foundation must be designated as both the owner and the beneficiary of the policy.

All other life insurance gifts must comply with the Approval and Acceptance Process as applicable to this life insurance section and as stated herein.

Approval and Acceptance Process

No insurance company, product of one or more specified insurance companies, or insurance agent or agents of one or more insurance companies shall be granted exclusive rights to the marketing of insurance products through the Foundation. Though exclusive rights to the marketing of insurance products through the Foundation will not be granted, when a marketing idea or product is presented to a Development Officer, it shall be submitted to the President & CEO who will determine the merit of presenting it to the Board of Trustees for consideration.

The Development Officer will submit a written summary of any proposed policy or marketing idea of life insurance to the President & CEO. This summary shall include, but not be limited to, the following information:

1. Description of the type of life insurance policy, face value, premium payment schedule, interest rates (guaranteed, current, and projected), age of the insured(s) and other relevant policy information;
2. Purpose of the gift (fund an endowed chair, deferred gift, unrestricted gift, scholarship) and the school or college, which will benefit from this gift.

The President & CEO will review the material presented by the Development Officer and make a determination to accept, impose any terms (premiums to carry the policy to a self-paying status) as a condition of approval, or reject the proposed gift. The final determination of the President & CEO shall be communicated to the Development Officer. The Development Officer shall communicate the President & CEO's decision to the donor(s) in writing, including

any conditions imposed by the President & CEO prior to acceptance, and the written communication shall become part of the donor's written and/or electronic file.

If a proposed gift of life insurance is approved by the President & CEO, the Development Officer or the President & CEO will acknowledge receipt of the gift on behalf of the Foundation.

The gift will be completed upon the execution and delivery of the life insurance policy to the Office of Planned Giving on behalf of the Foundation. If the policy is an existing plan, an assignment of the policy will be sufficient for documentation.

Administration

The Development Office, MedEvac Foundation International, shall be responsible for the maintenance, review, and monitoring of these policies. The Development Officer shall provide the President & CEO and the Board of Trustees an annual report on the values of the policies in force.

The Development Office shall be responsible for the pledge reminders and/or the notification of premium due to the donor(s) and the collection of said payment. Upon receipt of this payment the Development Office shall be notified through a copy of the receipted premium payment by the insurance company(s).

WHEREAS

The Agent, as signed below, agrees to abide by this agreement and will make every good faith effort in complying with the conditions as set forth within this agreement. By signing this agreement the Agent has read and understands the reasoning behind this Agreement that is to provide qualified donors with an opportunity to help the MedEvac Foundation International to build a robust fund through the use of the life insurance products. This program is a benefit to both the MedEvac Foundation International and to the Agent and any lessening of the integrity of this agreement will reflect impairment on this integrity to both the MedEvac Foundation International and the Agent.

AGREED: (please provide your signature and print your name)

AGENT SIGNATURE

DATE

AGENT PRINTED NAME

DEVELOPMENT OFFICER
THE MEDEVAC FOUNDATION INTERNATIONAL

DATE

**The MedEvac Foundation International
Agent Agreement Profile**

Name _____ Date of Birth _____

Agency _____

Physical Address _____

Mailing Address _____

City _____ State _____ Zip _____

Work Phone _____ Fax _____

Email Address _____ Cell Phone _____

States Licensed in: _____

Comments _____

