



National Madison

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Insured Endowed Chair

OPERATION

- Donor gifts the full purchase price of a fixed single premium immediate annuity (“SPIA”) to non-profit organization (“NPO”)
- NPO purchases the SPIA in straight life form with the donor as the annuitant
- NPO uses the annual SPIA income to purchase a life insurance policy on the donor and fund all future premiums
- NPO is the owner and beneficiary of both the annuity and the life insurance policy
- Upon the death of the donor, NPO receives the entire death benefit of the life insurance policy and directs the money to fulfill the endowment pledge
- Donor receives recognition and credit for the value of the insured endowed benefit

Benefits:

- Endowments for Chairs can be funded for a fractional cost of the ultimate endowment (33% to 56% in the examples below)
- NPO is guaranteed receipt of endowment funds
- A single tax-deductible gift today completes the donor’s obligation
- Expands major donor pool

Considerations:

- Annuitant and Insured must be the same person and NPO must have an insurable interest
- Insurance is issued based upon medical and financial underwriting
- Endowment is funded entirely at the death of the insured - funds are not accessible prior to then

\$2,500,000 Endowments through fixed SPIAs and fixed Life Insurance

Sex	Age	Risk	Tax Deductible Gift	Donor Gift Cost	NPO Annuity Purchase Price	Annual SPIA Income to NPO	NPO Annual Life Insurance Premium	Insured Endowment Benefit
M	65	Standard	\$1,003,000	\$501,500	\$1,003,000	\$76,800	\$75,000	\$2,500,000
M	70	Standard	\$1,205,000	\$602,500	\$1,205,000	\$101,910	\$98,600	\$2,500,000
M	75	Standard	\$1,400,000	\$700,000	\$1,400,000	\$140,730	\$135,300	\$2,500,000
F	65	Standard	\$825,000	\$412,500	\$825,000	\$58,080	\$56,600	\$2,500,000
F	70	Standard	\$970,000	\$485,000	\$970,000	\$76,440	\$74,300	\$2,500,000
F	75	Standard	\$1,210,000	\$605,000	\$1,210,000	\$110,670	\$106,900	\$2,500,000

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