



BESDF Charitable Giving Program Frequently Asked Questions

1. **How will the program be advertised and promoted?**
North Carolina Mutual will develop brochures highlighting the BESDF program which will be distributed to BESDF members via mass mailings and onsite meetings. BESDF leadership, along with North Carolina Mutual representatives, will promote program at family meetings and events. Links between the BESDF and North Carolina Mutual websites will be developed.
2. **Who can participate and contribute in this program?**
Any BESDF member and/or supporter can participate in the program.
3. **How do we get started and who should be involved?**
BESDF leadership will work with North Carolina Mutual representatives to develop a roll-out schedule.
4. **What will it cost?**
Members who participate will pay premiums to North Carolina Mutual on the life insurance policy they purchase. The premium payment is based on age and face amount of the policy.
5. **How are premiums collected?**
It is customary to have premium payments collected through automatic bank draft. Direct bill to premium payor is available for cases with an annual payment schedule.
6. **What happens if a policy lapses?**
If a policy lapses due to nonpayment of the premium, BESDF can assume the premium payment to keep the policy in force. Depending on the value of the insurance policy at the time of lapse, BESDF can cash surrender the policy or use one of the non-forfeiture features of the insurance plan.
7. **Can the donor change the beneficiary on the life insurance contract?**
Since BESDF is the owner and beneficiary of all charitable gifts of life insurance for this program, only BESDF can change the beneficiary designation on an insurance plan. The donor is responsible for the premium payments.
8. **Can the organization make any changes to the life insurance contract?**
Yes, the organization has all ownership rights of the life insurance plan, therefore, BESDF can make changes to the insurance contract such as changing the beneficiary.
9. **Is a medical exam required to make a charitable gift of life insurance?**
A medical exam may be required depending on the age of the applicant, the face amount of the policy, and answers to medical questions on the application.
10. **What is the cost to the organization to start this program?**
There is no cost to the organization to start this program. North Carolina Mutual will provide all marketing materials for the program and will provide sales representatives to attend family meetings and events.

11. **How long will I have to pay on the life insurance contract?**
A North Carolina Mutual representative will meet with family members on an individual basis to discuss the charitable gift to BESDF. An illustration for life insurance will be prepared which will outline the schedule of premium payments.
12. **How and when will the organization receive its share of the proceeds?**
All proceeds from charitable gifts of life insurance to BESDF will be paid to BESDF when the donor passes away and a claim is filed with North Carolina Mutual. A death certificate must accompany the claim form.
13. **What other organizations are doing this?**
North Carolina Mutual has implemented the charitable gifting program for many organizations across the nation. A few of the organizations are Kappa Alpha Psi Fraternity (Philadelphia, PA), Alpha Phi Alpha Fraternity (Baltimore, MD), General Baptist State Convention of NC, Shaw University (Raleigh, NC), North Carolina Central University (Durham, NC), National Medical Association (Washington, DC), Friendship Baptist Church (Dallas, TX), Zoe Christian Fellowship Endowment Foundation (Los Angeles, CA).
14. **Do I have to live in North Carolina to participate?**
You do not have to live in North Carolina to participate in the program. North Carolina Mutual has representatives licensed in states across the nation and will attend meetings and events hosted by BESDF to promote the program. State insurance laws require an insurance agent to be licensed in the state in which the application is taken.
15. **What about my family? Will they receive any money from this gift?**
Charitable gifts of life insurance name the organization the beneficiary of the insurance proceeds, therefore, all proceeds are sent directly to the organization. It is the decision of the organization to share the proceeds with family members. Individual plans for personal use can be purchased.
16. **What is the difference between term and whole life insurance?**
Term insurance is temporary life insurance that provides protection for a specified period of time and has no cash value. For example, a 10 Year Term Plan provides protection if the insured dies within the 10 year period. At the end of 10 years, the insurance contract expires.
Whole life insurance is permanent life insurance that provides protection for life as long as the premiums are paid. This plan builds cash value so the plan increases in value over the lifetime of the insured.
17. **Can a husband and wife make a charitable gift on one policy?**
A husband and wife can be recognized as contributors to the program but only one person can be listed as the insured on the application. We encourage each member to make an individual gift to BESDF.
18. **Will the premiums ever increase?**
The premium amount on a whole life insurance plan is level, which means the premium amount will not change during the lifetime of the policy.
19. **Will the death benefit ever decrease?**
The death benefit of a life insurance plan will only decrease if a policy loan is made and not repaid. The amount of the outstanding loan will be deducted from the death benefit.
20. **What are the tax benefits of this program?**
All premium payments on charitable gifts of life insurance are fully tax deductible on federal tax returns. North Carolina Mutual advises anyone making a charitable gift of life insurance to check with you tax advisor regarding state tax deductions.