Some of these plans provide significant tax savings over more conventional methods of premium payment after taxes. Such plans may be developed through your insurance agent.

However, there is one plan that generally provides "tax-free benefits" and "tax-free coverage" through the foundation - this plan is called "key-man" insurance. Key man insurance provides life insurance coverage on a top employee of the organization with the benefits of the policy returning to the foundation upon the death of the employee. Such insurance provides cash compensation to the organization with a loss of a key individual. Premium payments made by a business corporation employer are not deductible as business expenses and the corporation would pay taxes on this amount, but the benefits returning are tax-free.

Since your foundation is tax-exempt, this would permit your foundation to pay premiums before taxes thus making the entire policy tax-free. Since you might control the foundation as executive director and