

funds are dedicated to the specific purposes for which your foundation is formed. If it were any other way, the insurance would be taxable.

If the beneficiary of any life insurance policy is a taxable person, then, regardless of who owns the policy, income taxes or estate taxes or both will be paid by someone. For example, if your foundation owned a life insurance policy on yourself as executive director, but the beneficiary was your wife or child, then you would have to pay income taxes each year on the amount of premiums paid by your foundation employer, and your wife would have to pay the Federal Estate taxes on the insurance benefits when they are paid at your death. In the same way, if you owned the insurance policy, but the beneficiary was the foundation, you would still be liable for Federal Income taxes on the amount of premiums paid on that particular policy. However, under the law, if the beneficiary were irrevocable, you might deduct the amount of the premium as a charitable donation to the foundation.

Insurance is a special contract which has special