There are essentially three ways of making a life insurance gift to charity: (1) by designating a charitable organization as the beneficiary of an insurance policy, (2) by assigning ownership of an insurance policy to charity, and (3) by giving charity a partial interest in an insurance policy.

Advantages of a life insurance gift:

- For the same out-of-pocket cost, many individuals can make a larger gift to charity through life insurance than through a bequest or lifetime gift, especially individuals of modest means who could not otherwise afford to make a substantial charitable contribution. Further, this charitable contribution can be made on the "installment plan" through life insurance premium payments.

- A life insurance contribution can enable an individual to benefit charity without invading capital and depriving his or her family members of other estate assets. The gift is created by regular premium installments and can be financed out of current income.

- A life insurance gift is self-executing, simple to arrange, and assures that the donor's wishes will be carried out.

- Since life insurance proceeds payable to charity are not subject to probate, they avoid (1) the delays and costs of estate settlements; (2) creditor's claims; (3) will contests by disgruntled heirs; and (4) public scrutiny through probate court records. Of course, publicity can attend the gift if the donor wishes.

- Life insurance assures the size of the gift in advance. The charity will receive a guaranteed sum, promptly and in cash, regardless of when the insured dies. Or, if the charity owns the policy, it may surrender the policy for its guaranteed cash value, or borrow on the cash value at an attractive interest rate, during the insured's lifetime.

- The charity immediately receives dividends which will probably increase annually, access to the policy cash values and guaranteed growth. Upon the insured's death, the charity may, if it wishes, take advantage of the insurance company's investment facilities by leaving the proceeds on deposit with the company under a settlement option.

- The donor can designate the charity as revocable beneficiary and still get important estate tax benefits. Even if the gift is irrevocable, the donor can deny his or her commitment by simply discontinuing premium gifts.