



**BRAD
GORDON,**

CLU, ChFC, is president of MAF Companies, a multi-carrier brokerage general agency (BGA) using proprietary concepts and solutions to serve the many general agencies and independent producers who work with them. MAF is proud to be a charter member of AimcoR Group.

Gordon has a wealth of brokerage experience going back to his childhood as the son of a major Chicago life brokerage general agent. He entered the business in 1981 with Home Life as a carrier agent selling life and disability insurance. In 1984, he became a brokerage manager for The Larry Gordon Agency.

Gordon joined MAF in 1993 as vice president of sales and an equity partner, and became majority shareholder and president in 2007. He spearheaded MAF's shift from serving as an independent marketing organization (IMO) with a single life insurance carrier focus into a multi-carrier brokerage general agency.

Gordon's past and current service to the industry includes NAIFA past president of Chicago North Branch, LIMRA, past chair of the NAILBA Marketing committee, and he currently serves on the NAILBA Membership committee and the NAILBA Charitable Foundation board. He has moderated LUTC classes for a number of years.

He holds an MBA from the University of Chicago and a BS degree from the Wharton School at the University of Pennsylvania.

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Simple Charitable Life Insurance

So, your client has built sufficient wealth for retirement, the kids are now grown, the mortgage is paid. You are told there are no more protection needs for this family so it appears this is a poor prospect for life insurance. Correct?

Well, I would inquire if your client has philanthropic interests. Is there an important school, church, social development agency or a disease in want of a legacy gift? There are financial reasons for creating endowments such as the leverage involved in transferring otherwise taxable assets into a much larger tax-free pot of money with a specific task of improving humanity in a manner the designate desires and instructs. How about the emotional impact of creating something good that lasts well beyond your time on earth? Wow, this can be powerful!

Creating endowments for charitable funding can be excessively complicated, with advice coming in from tax accountants and, of course, the lawyers, and with months required to draft and then re-draft all those special trusts. Certainly, for a multi-million dollar legacy it is understandable that trusts can be complicated. But, don't let that stop you from proposing to your philanthropic middle class client that you can help them create a **simple endowment**. Simple, as in no trusts. Just a funding commitment of, say, \$10,000 per year for five years. Your client gets a current year tax deduction if the charity owns the policy. It is important for

the client to write the check to the charity and then the charity pays the insurance carrier, making sure the client retains no incidence of ownership over the gift.

Be careful with the charitable organization to let them know that the endowment gift is in **addition** to their donor's regular annual gifts. The charity would prefer immediate cash gifts instead of a future promise, so by making this an incremental bonus, the charity won't feel cheated. In addition, the insurance company wants to see the gift is not replacing the cash gifts of previous history. To establish insurable interest, the carrier needs to see a consistent history of giving. Service to the charity is also important since time spent on a Board of Directors, and/or active participant on committees, doing the work in any fashion, will show the carrier just how important your client is to the charity they love. This creates insurable interest.

My concept of simplicity extends to the design of the life insurance product. I eschew GUL (guaranteed universal life) designs that emphasize greater death benefits at the cost of limited cash values and lost flexibility during all of the years your client lives. I prefer a max-funding style that builds cash values rapidly and those values can be shown on the charity's balance sheet as a long term asset. They can borrow against their cash values so your endowment also creates an emergency fund. ☺