RiverSource Insurance

Charitable Giving Insurance Strategy

Extending the dream to others

112921 E (1/21)

Ameriprise Financial *Confident Retirement*® approach

The Ameriprise Financial *Confident Retirement* approach breaks retirement planning down into doable steps to take the uncertainty out of facing your future. Once you and your financial advisor have established your financial goals, they can offer practical advice and solutions to cover your essential expenses, ensure your lifestyle, prepare for the unexpected and leave a legacy.

Ninety-one percent of women say they feel more confident about retirement dream after going through the *Confident Retirement* approach with their advisor.[1]

How will you leave your mark on this world?

Like many, you give charitably because you enjoy benefiting others—whether you give regularly to a charity you care about, support an alma mater, or provide help when crises arise.

In any case, how and when you give financially impacts any potential tax benefits you might receive:

Now

Donations you make to charity in a given year can provide a current-year tax deduction and support a charity's day-to-day operating expenses

Now and Later

Dividing the dollars you allocate to charitable giving in a year and redirecting a portion as premium on a life insurance policy lets you not only receive a tax deduction for your current year's donations, but endow the charity after you're gone

Later, but create income now

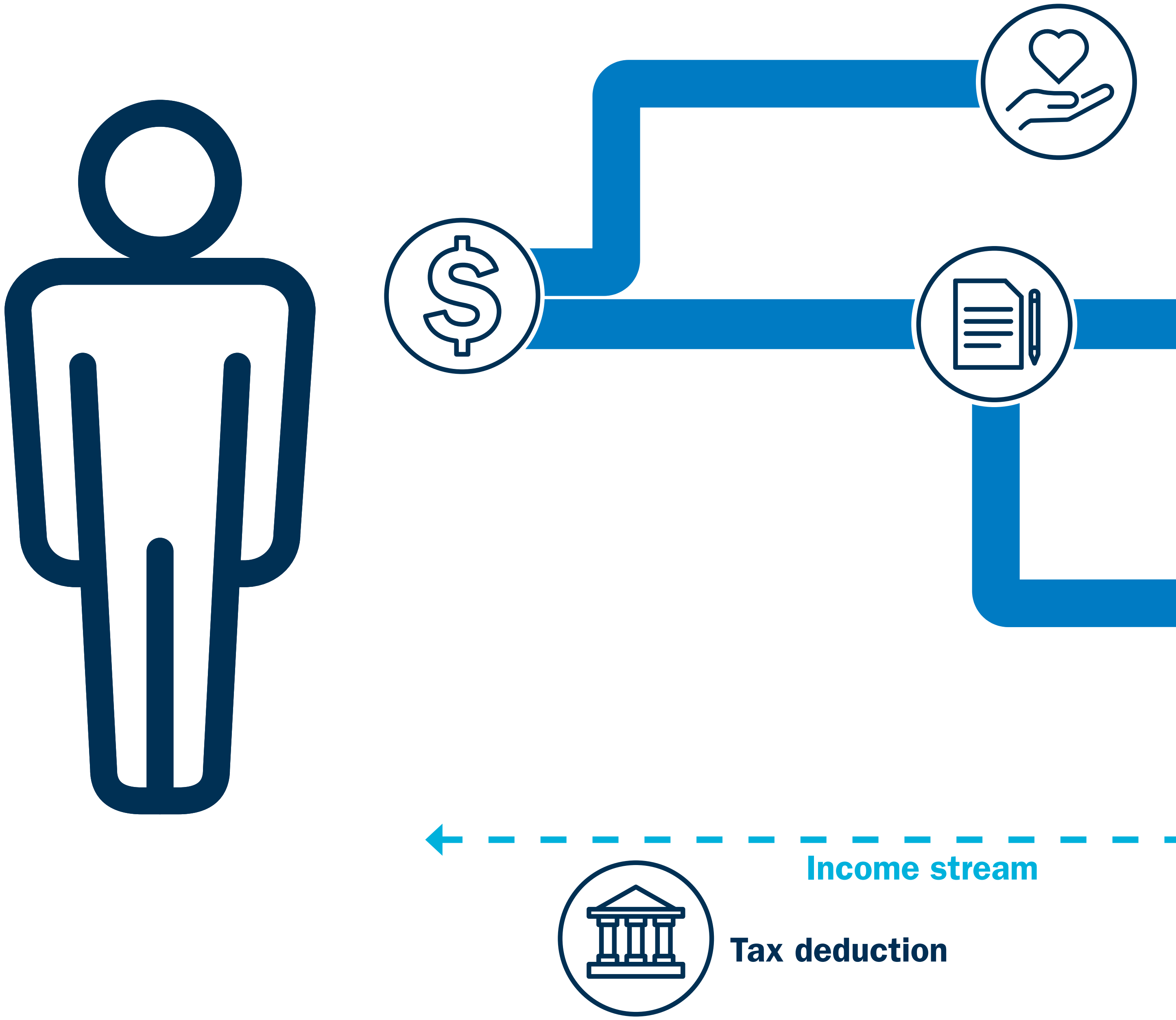
You can gift assets (such as stock or property) to a trust, which will in turn direct a percent of the value of the assets to you as income over a specific period of time or your lifetime; once the trust has terminated, the remaining assets pass to a charity

Life insurance, whose primary purpose is to help you protect the dreams and plans of your loved ones, can provide financial benefits around these and other charitable giving strategies. Structured properly, it can help you save on income and estate taxes.

Before you purchase, be sure to ask your financial advisor about the life insurance policy's features, benefits and fees, and whether the life insurance is appropriate for you, based upon your financial situation and objectives.

Choose how you benefit others and leave your legacy

Leaving your mark on the world can take many forms. Below are examples of ways to benefit others while potentially receiving a tax deduction for yourself.



Any tax deduction you receive will depend on when you give. Current-year gifts can provide a current income tax deduction, whereas gifts received after you are gone may provide reductions in the amount of your estate that is subject to federal or state estate taxation.

Give now

Donating to a qualifying charity or non-profit allows you to potentially receive a tax deduction on your current year's taxes. These gifts help support the mission of the organization and fund their day-to-day operations, but do not continue once you are gone.

Give now and later

Making a difference after you are gone is possible: By taking a portion of the money you designate for annual giving and using it to purchase a life insurance policy—on which a charity is named as the beneficiary—you can continue to give today and after you're gone. The amount used as life insurance premium multiplies into an even larger gift, allowing you to make an even greater impact.

Give later, create income now

Accessing certain assets for income such as highly appreciated stock can result in a large tax liability. To alleviate this, you can gift the assets to a specially designed trust, which would, in turn, pay you an income stream for life or a specified period of time. Once that time period has ended—or you've passed away—the trust pays the remaining balance to the charity. From a tax deduction standpoint, you may get a current-year income tax deduction based on the calculated remaining value of the assets net of the income stream.

You can maximize your giving even more by using life insurance to replace for your family the value of the assets you gave to the charity. By using a portion of the income you receive from the gift to purchase life insurance, you can create a benefit that, when structured properly, will pass income tax-free to your beneficiaries. Now, not only have you benefited the charity with your gift, but you've created new wealth for your family when you leveraged life insurance for their benefit.

Answers to questions you might have

How are the donations I give to charity each year treated from an income tax-deduction standpoint?

The tax deduction you may receive depends on the type of asset you're gifting and how you gift, but generally speaking, cash and non-cash gifts (e.g., stocks, real estate or collectibles) are deductible up to a percentage of your adjusted gross income, provided that you itemize your deductions. Work with your tax adviser to learn more.

What options are there for continuing a gift to a charity beyond my lifetime?

It's relatively simple to give to a charity or cause you care about in a way that extends beyond your lifetime. The following ways include the purchase of a life insurance policy:

- The charity as beneficiary – You can designate a charity as the beneficiary on a life insurance policy you own.
- You gift an existing life insurance policy to a charity – By gifting a life insurance policy to a charity the charity becomes the owner of the policy and receives the policy benefit when you pass away. You can even gift the cash or assets to the charity that it would use to pay premiums on the policy. You, in turn, may receive a tax deduction for those gifts.
- The charity purchases life insurance on you – Similar to you gifting a policy to a charity, the charity can purchase a new life insurance policy on your life. Some states have rules around "insurable interest," which may preclude your ability to do so.

I want to give to charity, but I don't want to leave out my children. Can I do both?

Yes, it's possible to donate to charity as well as provide for your friends and family after you're gone. Depending on your situation and your goals, you could:

- Adjust your beneficiary designations on your insurance policy(ies) so that a portion of the benefit(s) go to charity as well as to family and/or friends.
- Set up a trust to own your insurance policy or to be the beneficiary of your insurance policy. Trusts allow you the opportunity to specify how you want the policy's death benefit to be paid, including paying out to a charity. Additionally, putting a life insurance policy in an irrevocable trust can remove it from your estate, which can be helpful if you believe your assets will eventually cause an estate tax liability.

What if I need income from an asset that I would like to use as a gift to charity?

An arrangement using a trust can:

- Provide income for you from the asset you gift to it
- Offer you a current-year tax deduction
- Benefit a charity with a portion of the gift

For example, suppose you have highly appreciated stock and that liquidating the stock for income would create undesirable tax consequences. Instead, you decide to gift the stock to a trust and you name a charity as its beneficiary. The trust would be designed to:

- Pay you an income stream based on a percentage of the value of the gifted stock for a set period of time (not to exceed 20 years) or your lifetime. (Depending on the design, this could be a fixed or variable amount.)
- Pay the trust's remaining balance—the gift minus the income requirement that's been met—to a charity.

Now, instead of incurring large capital gains taxes on very highly appreciated stock, you would:

- Pay taxes on a stream of income as it's received.
- Potentially receive a current-year tax deduction for the stock you donate to the trust (the amount of the deduction is calculated based on the projected value of the remaining gift, which is determined by factoring out the projected stream of income).

This type of trust is called a Charitable Remainder Trust; if you have a situation similar to this scenario, ask your financial advisor if this strategy makes sense for you.

The company you choose matters

When you choose RiverSource Life Insurance Company of New York (RiverSource Life of New York), you want to be confident we'll be here for you today — and tomorrow. RiverSource Life was founded in 1957, and we trace our roots to 1894. For decades, we've been honoring our commitments to help clients grow their assets, manage their income and protect what matters most.

To view our current ratings, visit strengthandsoundness.com.

“We make a living by what we get, but we make a life by what we give.”

– Sir Winston Churchill

Live confidently every day.

As a company with a long history of strength, stability and expertise, we're committed to serving your needs and interests. We offer a range of products and services that give you the flexibility you need and the stability you desire as you live for today, make plans for retirement and prepare for your personal legacy.

RiverSource Insurance

riversource.com/insurance

The *Confident Retirement* approach is not a guarantee of future financial results.

Neither RiverSource Life Insurance Company, RiverSource Life Insurance Co. of New York nor their representatives provide tax or legal advice. You should consult with an independent and qualified tax or legal adviser concerning your situation.

Issued by RiverSource Life Insurance Company, Minneapolis, Minnesota, and in New York only, by RiverSource Life Insurance Co. of New York, Albany, New York. Affiliated with Ameriprise Financial Services, LLC.

112921 E (1/21)