



INSURING A BETTER WORLD FUND
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RESPONSES TO CHARITY DUE DILIGENCE FROM INSURING A BETTER WORLD FUND

INTRODUCTION

In 2017, CGP impaneled a group of distinguished planned giving veterans to undertake a study and write a paper about life insurance and charitable giving. At the end of the study, the authors attached a set of due diligence questions for a charity to perform before undertaking any life insurance outreach or program. Here, Insuring A Better World Fund provides you with our answers to these due diligence questions. Some of the questions do not pertain to Insuring A Better World Fund's program, but most importantly, Insuring A Better World Fund answers each of these questions with a positive result. Insuring A Better World Fund's program is the best life insurance donation method in the country for charities of all sizes. We invite you to review the questions and answers and then give us a call if you need more information. Most importantly, I implore you to investigate our program, the most compelling no cost noncash gift donation that easily and seamlessly fits into your charity's planned giving programs.

Insuring A Better World Fund's phone number is 312-819-0790, or you can email our president, and co-founder, David Simon at ds@iabwf.org. Please also visit our website at iabwf.org for additional information.

I. ORGANIZATION

A. History and Structure

- 1. Please confirm when your organization was founded. (Please include predecessors in interest.)**

Answer: InterVivos Foundation was granted its 501(c)(3) status at the end of 2013.

2. Explain your organization's present ownership structure, including affiliates and subsidiaries. Explain changes in the ownership structure of your organization since its inception and any expected changes in the next one to two years.

Answer: There are no owners. The entity is a Delaware nonprofit, non-stock corporation named InterVivos Foundation, d/b/a Insuring A Better World Fund (hereinafter the "Foundation") acting pursuant to Section 141(f) of the Delaware General Corporation Law. There are no expected changes other than one new Board member.

3. Explain how the Foundation is managed. Include the names, title, telephone number and address of the persons who manage the Foundation.

Answer: The Foundation is managed by a six-member Board of Directors. Over the next year, a new Board member may be added. Day to day operations are managed by the officers and staff. David Simon is the President of the Foundation and the Chairman of the Board. Robert Stuchiner is the CFO and a Board member. Nicomedes Herrera is the Secretary and a Board member.

William Lipsey and Carl Seidl are disinterested Board members. The address is 303 E. Wacker Dr. Suite 1107, Chicago, IL. 60601. The phone is 312 819-0790. The officers are the Foundation's founders and were selected for their industry expertise. David is an attorney and has over 30 years in life insurance experience focused on structured finance. Robert has over 40 years of life insurance experience including 20 years working in policy design for one of the nation's largest life insurance carriers.

Further both David and Robert each have 20 plus years of experience in the life settlement industry. Nico is an attorney not participating in day-to-day operations, with a strong philanthropic background. Nico focuses on compliance and internal management. Pam Simon has over 40 years of experience as a life insurance industry leader in the sale of life insurance responsible for \$1 Billion dollars of premium since starting in the business in 1978. She aids in policy acquisition for the Foundation. None of the individuals above are currently compensated for their work on behalf of the Foundation. All disinterested Board members were selected based on their lifetime commitment to philanthropy and knowledge of the Foundation's mission. They are consulted on various matters within their expertise. The Foundation holds annual meetings with its entire Board of Directors.

4. Explain Insuring A Better World Fund's relationship to the InterVivos Foundation. Explain their structure and role.

Answer: The InterVivos Foundation is the legal name of the 501(c)(3) charity and does business under the name Insuring A Better World Fund.

5. Does the Foundation have any independent or outside oversight or independent or outside directors?

Answer: Yes. In addition to the independent Board members listed above. The Foundation utilizes Institutional Longevity Assets (“ILA”) as the Foundation’s asset manager. Please note ILA is majority owned by David Simon, Robert Stuchiner and Nicomedes Herrera, the Foundation’s founders. Most importantly all contracts with ILA are approved exclusively by the independent Board members. Further the Foundation utilizes Seyfarth, Shaw as charitable counsel and Schulte, Ross and Zabel as outside counsel for all other matters. Further the Foundation utilizes a third-party lender, third-party servicer, third-party asset custodian, premium paying agent and the custodian receives the death benefit proceeds. Copilevitz, Lam & Raney, PC is legal counsel for solicitation licensing. Chortek is the Foundation’s outside CPA/auditor.

6. Please provide all licenses and approvals received from any regulatory agency.

Answer: In addition to the IRS designation as a 501(c)(3) nonprofit, the Foundation is licensed for charitable solicitations in all states that require such license. As noted above the Foundation utilizes Copilevitz for licensing.

7. Does the Foundation have a disaster recovery plan?

Answer: Yes. The Foundation utilizes a private VPN for remote access for all employees. The Foundation has a separate database backed up on servers in the office and the cloud. The Foundation utilizes a third-party IT vendor named Reboot Inc. who is integral in creating and maintaining a Disaster Recovery Plan and is responsible for servicing the network and computers.

8. Does the Foundation have a succession plan? If so, please describe it or provide a copy.

Answer: The Foundation is managed by the Board and plans to continue indefinitely although individual Board members may resign and be replaced. As the Foundation is a non-stock entity it cannot be sold.

9. What other organizations provide services similar to the Foundation?

Answer: There are for profit life settlement companies such as Coventry, Welcome Funds, TPG and many others who will buy policies. We are not aware of any other entity/charity that works on behalf of other charities to accept donations of life insurance policies, pay the premiums on such donated policies, manage the donated policies, service the donated policies and distribute the net death benefits to other charities.

II. Financial

1. **Please provide information pertaining to the amount of assets under management.**

Answer: The Form 990s are available in the public records for charity filings.

2. **Please provide the names of organizations receiving contributions, if any.**

Answer: A list of charities that have received contributions from the Foundation can be found [here](#). 2023 is the start of a new portfolio. It is this portfolio that all new donations will become a part of for the next two years. Subsequent portfolios will be assembled continuously as each portfolio is closed.

3. **Please provide balance sheets and any other financial reports of the Foundation for the last three (3) years.**

Answer: See filed Forms of 990s.

III. Potential Conflicts of Interest

1. **Does the Foundation have any donors or associations that could present a conflict of interest and possibly compromise the objectivity of the Foundation? If so, please explain.**

Answer: No donor or association is involved in the management or day to day operations of the Foundation. The asset manager ILA is approved by the disinterested Board members. In addition, the asset manager is aligned with the Foundation and the compensation to the asset manager is intentionally structured to be substantially tied to the distributions made to the charities chosen by the donors.

2. **Is there any potential conflict of interest with the Foundation? If so, please explain.**

Answer: Not applicable. We are the InterVivos Foundation doing business as the Insuring A Better World Fund.

IV. Legal Status and Litigation

1. **Has the Foundation ever been investigated or charged by the SEC, the U.S. Department of Justice or Labor, the Internal Revenue Service, or any other federal, state or local regulatory agency for any purported or actual violation of applicable law? If yes, please explain.**

Answer: No.

2. **Over the last five years, has the Foundation been named or threatened to be named as a party in any private or governmental litigation, arbitration or other dispute resolution proceedings; been a target in any government or professional investigation; or settled any actual or threatened claim? If so, please provide details including a copy of all relevant complaints and communications, a list of all parties, and the results or status of such proceeding(s), investigation(s) or settlement(s).**

Answer: No.

3. **Please provide a description of pending contingent liabilities against the Foundation in connection with your services.**

Answer: Not applicable.

4. **Have the Foundation's services ever been subject to an audit, evaluation, or similar assessment by any other company? If so, state when and by whom, and please provide a copy of the report.**

Answer: Chortek completes the annual review and the findings are contained in the annual filing of the Foundation's 990.

V. Insurance

1. **Does the Foundation have fiduciary liability, professional liability or any other insurance?**

Answer: The Foundation has Directors & Officers insurance. In addition, Robert Stuchiner, David Simon and Pamela Simon have errors and omissions insurance. The Foundation has property liability coverage.

2. **Is the Foundation currently aware of any claims that have been or are being made with respect to such policies? If so, please describe.**

Answer: No.

3. **Is the Foundation currently aware of any notices to the insurer with respect to such policies? If so, please describe.**

Answer: No.

VI. Operations

A. Overview

1. How are potential donors located?

Answer: The Foundation utilizes five solicitation channels to secure life insurance policy donations:

- a. Financial service professionals
- b. Charities
- c. Attorneys, trust officers and CPAs
- d. Life settlement companies and brokers
- e. Direct to consumer

2. What is the process for a potential donor?

Answer: A short online health questionnaire is administered by one of our donation specialists. Then if the donor is potentially qualified, life insurance policy information is gathered from the insurance carrier. ILA determines if the present value of the death benefit exceeds the present value of the premium. If yes, then the lender confirms the value and agrees the donation is acceptable. Then the donor executes our grant form confirming the donation and the donor's chosen charity. A change of owner, a change of beneficiary, a HIPAA form and possibly a third-party contact form are also executed by the donor. Once the insurance carrier executes the life insurance policy ownership and beneficiary change forms the donation is complete.

The Foundation pays all costs and premiums, manages the policies and distributes the net death benefits to the chosen charities.

3. How does the Foundation evaluate potential donor's insurance policies to determine if they are good candidates for your services? What alternatives are available if the insurance policy does not qualify for your service?

Answer: The donor is evaluated by the health questionnaire, and in rare cases their doctor's attending physician statement, to determine the donor's medical condition. The life insurance policy is evaluated for its required premium and potential death benefit. The determinative equation in simple terms is the present value of the death benefit must exceed the present value of the expected premium and other costs. If the policy does not qualify, the Foundation has developed the "Pivot" to work with the donor's charity to foster an alternative gift, i.e., be named as a partial beneficiary of the life insurance policy, or under a specific bequest in the potential donor's

testamentary documents, or the purchase of a charitable gift annuity from the charity.

4. What types of insurance policies (i.e., term, whole, paid-up, etc.) are accepted by the Foundation?

Answer: All types of life insurance policies, including universal, whole, indexed, second to die, variable and portable workplace policies. Term policies are accepted if they can be converted to permanent policies and in rare circumstances, i.e., high mortality probability within the term period, without converting the policy.

B. Methods

1. Please explain how Insuring A Better World Fund operates and its relationship to InterVivos Foundation.

Answer: See above. The Insuring A Better World Fund is the d/b/a of the InterVivos Foundation. The Foundation solicits potential donors utilizing its marketing channels. The Foundation pays all premiums and other expenses for the donated life insurance policies. The donor chooses the charity they desire to receive the net death benefits. The asset manager manages the donated policies to ensure and enhance performance. The administrator tracks premium payments, optimizes premiums, monitors insured mortality, aids in the filing of death claims with the insurance carriers and monitors death claims paid.

The custodian holds all donated life insurance policies and the related documents, pays the premiums to the insurance carriers and receives the death benefits. The death benefits are utilized to repay the loan facility and then distributed to the charities in the vintage.

A key highlight of our program for charities is the alignment of donor and charity. The gift of life insurance today requires the donor to die for the charity to receive the benefit. The Foundation corrects this misalignment. The Foundation utilizes its proprietary aggregation technique to aggregate policies in distinct actuarially credible vintages by date of donation.

This allows for distributions to all charities in the vintage to be made pro rata as deaths occur in the respective vintage after repayment of the premium and expense facility. Thus, charities receive distributions for the life of the vintage regardless of when their particular donor passes. Now donor and charity are aligned. Each vintage takes advantage of the law of large numbers to produce a predictable stream of income to the selected charities for the life of the vintage. This game changing outcome allows for the charity to expect annual operating contributions instead of lump sums upon death of their donor.

2. Are donated insurance policies held in a common fund, or a separate fund for each charity?

Answer: Policies are held in distinct portfolios called “vintages” by year or actuarially credible number of policies donated. Each charity in a vintage receives pro rata distributions from the Foundation as death benefits exceed premium after the premium loan is repaid. Charities no longer wait for their donor to die. Further, the Foundation is the charity’s easiest source of blended gifts. Since the charity’s donors no longer pay life insurance premium the charity’s donors have freed up cash to make annual gifts to the charity. Research proves that donors who make legacy gifts (the donation of the life insurance policy to the Foundation) are much more likely to continue to make annual gifts to the charity.

3. Is the fund held in trust or in another such vehicle?

Answer: Each vintage is a separate Trust, and a third party custodian of the donated policies and recipient of the death benefit proceeds.

4. Are there any written rules governing the Foundation and its operation? If so, please provide a copy.

Answer: There is the process provided above together with the third-party agreements and the donation documents executed by the donor.

5. How are premium payments financed/funded?

Answer: Premiums and expenses are funded through a third-party lender.

6. Do the donors decide which charity will receive the contributions? If not, how is the payout allocated?

Answer: Yes, donors decide. Distributions are made pro rata from the corresponding vintage as explained above to the donors’ chosen charities.

7. When and how will charities receive payment?

Answer: As the death benefits received exceed the premium needed, after the premium loan facility is repaid, charities will receive pro rata distributions quarterly from each vintage the charity has a donated policy in for the entire term of the vintage. This is true even if the charity’s donor has already died.

- 8. Is the Foundation audited by an independent accounting firm? If so, please describe its audit policy and provide a copy of the most recent audit report.**

Answer: It is contained in the annual filing of the 990. Chortek is the firm.

- 9. What are the rights and obligations of member charities in the event that the Foundation cease operation or decide to exit this line of business? What is the wind-up process?**

Answer: This is an unlikely event because of the nature of our program and the long tail of the payments but, if necessary, the policies would be transferred to a third party and the money received would be immediately distributed pro rata to all the charities in the vintages.

VII. Fees

- 1. Please provide the Foundation's proposed fee structure and describe how the fees are paid. Are you willing to cap your fees on an annual or other basis?**

Answer: The fees are detailed in the grant form and are disclosed to donors. Most of the fees are paid to third parties, the lender, the servicer, the responsible solicitor, if any, the custodian and premium payor and the asset manager. Fees are contracted with the vendors and approved by the Foundation's Board and in the case of the asset manager the independent members of the Board. The fees are a maximum of .0175 of the donated policy death benefit solicitation fee paid one time upon acceptance of the donation; \$1500 and .00125 of death benefit per policy per annum servicing, custodian, premium payer agent and administration fees and .11 management fee of the death benefit paid one time as distributions are paid to the charities.

- 2. Please indicate the number of years for which the Foundation would be willing to guarantee its current fee structure.**

Answer: Fees are negotiated with the third parties not more than annually and the asset manager is aligned with the charities to keep fees as low as possible. The life settlement industry utilizes many of the same vendors and competitive bids are received. The Board and the Independent Board approves all contracts.

3. What expenses are incurred by and charged to the Foundation. Who approves of the expenses?

Answer: In addition to the above-mentioned fees, overhead, marketing, legal and accounting which are all approved by either the officers or the Board where necessary. These costs are all covered by the fees stated above and are not charged in addition to the fees stated above.

VIII. Donor Selected Charities' Rights/Obligations

1. Are charities entitled to any periodic reports from the Foundation? If so, please provide a sample report and tell us how often they are produced.

Answer: Once a vintage is closed the charity may receive a report of their donated policies' pro rata share in the vintage. The numerator being the value of all policies naming the charity in the grant form and the denominator being the total value of all policies in the vintage. Donors have the option of keeping their donation anonymous.

2. Are charities or any other charitable organizations that would receive payments from the Foundation responsible for any governance or oversight role with the Foundation.

Answer: No

3. How and when can a charity terminate any arrangement with the Foundation?

Answer: At any time, a charity may stop soliciting donations to the Foundation. However, the charity will continue to receive distributions for as long as any vintage lasts where there is at least one policy in the vintage where the donor named the charity regardless of whether that donor has passed.

4. What obligations does the donor chosen charity have to the Foundation? Does the donor chosen charity have any obligations to anyone else under this arrangement?

Answer: The only obligation is that the donor chosen charity must maintain its 501(c)(3) status. The Foundation hopes and requests that the donor chosen charity will promote the Foundation to potential donors by newsletter, mailings and on their website but this is not obligatory. There are no obligations to other parties through this arrangement.

5. Please provided samples of any documents that the donor chosen charity will be asked to agree to?

Answer: None

CONCLUSION

Insuring A Better World Fund's mission is to transform existing, lapsing life insurance policies into legacy-sized gifts fulfilling the donor's philanthropic ideals. This is a no-cost program to the donor and the charity. There are no new policies and no new commissions generated. The charity has no administrative responsibilities and needs no insurance industry expertise.

In addition, Insuring A Better World Fund hopes to strengthen the relationship between financial professionals and charitable gift planners. We encourage collaboration to maximize the value of gifts of life insurance for charitable purposes. Thank you for your consideration. Together we can ensure a better world for us all!



**Insuring A Better
World Fund**