# GoFundMe vs. Life Insurance

## Which Is Better?

A practical look at cost, certainty, beneficiaries, probate, and what happens when money is needed after a death.

## Do you want friends and family donating after your passing, or would you rather have a life insurance policy already in place?

When someone dies, the financial responsibilities do not disappear. Funeral costs, mortgage or rent, utilities, car payments, debt, childcare, and medical bills can continue even when part of the household income stops. The money has to come from somewhere. It may come from:

- ☐ Savings
- ☐ Credit cards
- ☐ Family
- ☐ Loans
- ☐ Crowdfunding
- ☐ Life insurance

> **The real question is not whether your family would find a way. It is what they would have to do to find the money.**

## Start With the Cost

### GoFundMe

COST TO START **$0**

TRANSACTION FEE, U.S. PERSONAL FUNDRAISERS

**2.9% + $0.30**

per donation, deducted from donations

Example: 100 donations of $100

| | |
|---|---|
| Total raised | $10,000 |
| Fees: $290 + $30 | about $320 |
| Approximate amount received | **$9,680** |

Fees depend on the number and size of donations and may change. Confirm current pricing with GoFundMe.

### Life Insurance

COST **Premium required**

THE COST CAN DEPEND ON

- Age
- Tobacco use
- Policy type
- Carrier
- Health
- Coverage amount
- Term length
- Underwriting

The policyholder selects a death benefit before the loss occurs, subject to underwriting and policy terms.

- Crowdfunding raises an unknown amount after the need appears.
- Life insurance lets you choose a stated death benefit beforehand, subject to underwriting and policy terms.

# Who Gets the Money?

| GoFundMe | Life Insurance |
| --- | --- |

## Who receives it

Money goes to the bank account connected to the fundraiser, or to an eligible beneficiary added to it. The organizer decides who receives and manages the funds. If the organizer or beneficiary dies, an executor or administrator may need to step in.

Life insurance uses a formal designation called a beneficiary. The policyowner generally chooses who receives the death benefit: a spouse, children, relatives, a trust, a charity, a business, or the estate. Primary and contingent beneficiaries may be allowed.

> **Life insurance allows you to decide who should receive the money before you die.**

## What about probate?

Funds do not automatically go through probate. It depends on who receives the money, which account receives it, whether the beneficiary is alive, and whether the estate becomes involved.

When an individual beneficiary is properly named, proceeds generally pass directly to that person and typically avoid probate. If the estate is named, proceeds may be subject to probate.

> **A named beneficiary can often receive life insurance proceeds directly without waiting for probate.**

## What about taxes?

Personal donations are generally treated as gifts, not taxable income to the recipient, depending on the circumstances. They are generally not tax deductible for the donor. Keep good records and consult a tax professional.

Death benefits paid because of the insured's death are generally not included in the beneficiary's gross income for federal income tax purposes. Interest earned on proceeds may be treated differently. Golden Shield Life Insurance does not provide tax advice.

# What If Nobody Donates?

You can create the fundraiser, write the story, choose the photos, and share it with everyone you know. But there is no guarantee that enough people will donate.

## A fundraising goal is not a promise.

If donations fall short, the family may still have to:

**Use savings**
Would expenses reduce emergency or retirement savings?

**Use credit cards**
Would the loss create new debt?

**Borrow money**
Would someone need a personal loan?

**Ask family**
Would relatives have enough available to help?

**Reduce expenses**
Would funeral or memorial plans need to change?

- **A GoFundMe goal is something you hope to reach.**
- **A life insurance death benefit is established before the loss occurs.**

Life insurance benefits remain subject to the policy being in force, applicable exclusions, contract terms, and approval of the claim.

## Pros and Cons

### GoFundMe

PROS

- No insurance premium beforehand
- Can be started after a loss
- Friends and community can help
- Can supplement other resources

CONS

- Amount raised is uncertain
- The goal may not be reached
- Family must organize the campaign
- Transaction fees reduce donations

### Life Insurance

PROS

- Coverage amount selected beforehand
- Named beneficiaries
- May avoid probate when beneficiaries are properly named
- Can help with funeral costs, debt, and income

CONS

- Premiums must be paid
- Approval may require underwriting
- Cost may rise with age or health conditions
- Subject to policy terms and exclusions

# If Your Family Had to Start a GoFundMe

Here is what someone you love may have to do while they are grieving.

### 1 Choose the organizer

Someone to post updates, answer donors, manage transfers, and keep records.

### 2 Decide who gets the money

The organizer, another family member, or an added beneficiary. Settle it before publishing.

### 3 Calculate the need

Funeral, burial or cremation, cemetery, travel, medical bills, lost income, rent, and utilities.

### 4 Choose the title

Use the person's name. Avoid generic titles.

- In Loving Memory of [Name]
- Help With [Name]'s Funeral Expenses
- [Name]'s Memorial & Funeral Fund

### 5 Choose a photo

Clear and respectful. No medical images, documents, insurance cards, or bank details.

### 6 Write the story

Who the person was, what happened, what donations pay for, and who manages the money.

### 7 Set the goal

Base it on actual estimated expenses rather than a random number.

### 8 Publish and share

Text relatives, email friends, post on social media, and contact coworkers.

### 9 Keep supporters updated

Post updates and thank donors.

## Someone you love may have to do all of this while they are grieving.

Crowdfunding can provide meaningful help. But the amount raised cannot be known beforehand. Would you want fundraising to be your family's financial plan?

## Before your family has to fundraise, find out what life insurance may cost.

Many people assume life insurance is too expensive before they ever request a quote. You do not have to buy a policy simply because you request pricing. We compare options from multiple carriers based on your age, health, budget, and coverage goals.

Start My Quote

Call or text 678-884-4653

goldenshieldlifeinsurance.com

QR code

Scan to Start My Quote

## You can decide what is right for your family.

But make the decision while you still have the opportunity to make it.

Life insurance products, rates, and availability vary by carrier and state. Coverage is subject to underwriting, policy terms, exclusions, and payment of premiums. Death benefits are payable according to the insurance contract and approval of a covered claim. Benefits paid to named beneficiaries generally avoid probate, but circumstances vary. Crowdfunding information is for general education only. Golden Shield Life Insurance is not affiliated with or endorsed by GoFundMe, and GoFundMe fees and terms may change. Golden Shield Life Insurance does not provide legal or tax advice.