

Increase Your Retirement Income with a Deferred Gift Annuity

Help Us and We'll Help You



Maxed Out Your Retirement Plan? Need More Retirement Income?

There Is a Charitable Solution for Our Supporters and Friends

Robert Jones is a longtime supporter. He's 50 years old and annually makes the maximum IRA contribution. He would like to do more to help us with our important work but, like so many other people his age, feels he can't do so

at this time without jeopardizing his goal to retire at age 65.

After talking with our development team, he is pleased to learn of a unique gift plan which allows him to grow his retirement nest egg while also increasing his support. It's called the deferred gift annuity.

Here's how it works: This year Robert will transfer \$100,000 to us to set up a deferred gift annuity. Instead of receiving the income now from the annuity, he will defer receiving it until he retires at age 65 when he expects to be in a

lower tax bracket. Much to his delight, the deferred gift annuity payments will be higher than if he elected to receive the payments immediately. Moreover, deferring the payments gives rise to a higher income tax charitable deduction; he receives more tax relief today during his higher income years. Last but not least, Robert knows that we will benefit from his increased generosity after he has enjoyed all of the benefits to which he is entitled.

Here's what Robert is able to accomplish with this unique gift plan: A charitable deduction of about \$42,750 will save Robert about \$15,000 in federal income taxes this year in his 35% tax bracket (based on an AFR* of 4.8%). When his payments begin at age 65, Robert will receive around \$12,300 per year. About \$2,875 of each payment will be income-tax-free until Robert reaches his life expectancy (and fully taxable thereafter). The annual payments will supplement his other sources of income and will help ensure a more secure retirement. Equally important, he knows that we will also benefit from the arrangement.



Another Option to Consider

Donors can name someone other than themselves as the annuitant. Some of our supporters fund gift annuities that benefit a family member or friend. For instance, Helen Roberts (age 60) contributed \$50,000 in cash to establish a deferred gift annuity to benefit her father, Alan (currently age 80). Helen chooses to defer the gift annuity for five years (she plans to retire at age 65) so that the payout can help in the care of her father when she is no longer earning her full salary.

When the payout period begins, Alan will begin to receive \$6,000 each year from this annuity. And, for participating in our gift annuity program, Helen enjoys a charitable deduction of around \$33,875 (based upon an AFR of 4.8%*) which saves her over \$11,850 in federal income taxes in the present year (in her 35% tax bracket). The deferred gift annuity option effectively combines Helen's charitable wish with financial security for her father.

** AFR or Applicable Federal Rate is a monthly interest rate set by the U.S. Treasury and used to calculate the charitable deduction.*

Consider the Benefits

No Contribution Limits. Unlike IRAs and other qualified retirement plans, there are no annual limits on your contributions to deferred gift annuities. However, your deduction cannot exceed 50% of your adjusted gross income for gifts of cash, or 30% of adjusted gross income for gifts of long-term appreciated property. Any amount that exceeds the deduction limitation may be carried forward for up to five years after the year of the gift.

Flexibility. You can fund your gift annuity with cash or long-term appreciated property (property held for more than 12 months). You can select the frequency of payments (monthly, quarterly, semi-annually or annually) and the start date. And, the IRS has issued a private ruling that suggests you can even change the start date of your deferred gift annuity to adapt to changing circumstances. You also can set up a two-life deferred gift annuity if you want to include your spouse, although this option will reduce your deduction.

Favorably Taxed Income. Until you reach your life expectancy, part of your annuity payment generally will be free of income taxes. This increases your effective rate of return — an added benefit for retirees who want to stretch their spendable income. When funding your gift annuity with cash, you can generally expect a significant tax-free component — sometimes as much as 40% to 60% of each income payment.

Multiple Tax Savings. In addition to receiving a generous income tax deduction in the year you establish your gift annuity, you can reduce and spread out your capital gains tax liability if you fund the annuity with long-term appreciated property.

Personal Satisfaction. Under such a predictable arrangement, you have the peace of mind that comes from knowing you have enhanced your own financial security and, at the same time, made a significant contribution to further our important work. It's nice to know that you can help yourself while helping others.

A SECRET NO LONGER

There was a time when the deferred gift annuity played second fiddle to the immediate gift annuity, in which the annuity payments begin right away. But, today, as more and more middle-aged people plan for a successful retirement, the deferred gift annuity has gained popularity.

Find out how you can supplement your retirement planning with a deferred gift annuity. We'll be happy to provide you with an illustration of the financial and tax benefits you can expect. All you need do is contact us. You can request an illustration without any obligation whatsoever. Why not explore how you, too, can benefit from a deferred gift annuity?