

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 contribution to his IRA (\$6,000 in 2011). He would like to do more to help with our important work but (like so many other people his

age) he feels he can't do so without jeopardizing his goal to save enough for retirement.

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

Here's how it works: This year, Robert transfers \$100,000 to us to set up a deferred gift annuity. Instead of receiving payments right now, he decides to defer payments 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 immediate payments. Moreover, deferring the payments creates a higher income tax charitable deduction compared to that of a regular gift annuity so he receives more tax relief today. 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 \$19,000 will save Robert \$6,650 in federal income taxes this year in his 35% tax bracket. When his payments begin at age 65, Robert will receive \$9,500 per year. About \$4,065 of each payment will be income-tax-free until Robert reaches his life expectancy as measured at the time he makes the gift (and fully taxable thereafter). The annual payments will supplement his savings 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. For example, George Williams (age 55) opened his first of six gardening supply stores in 1985. His business concerns keep him busy, but George is always sure to contribute time and money to causes he supports. One reason for his strong civic and charitable sense is the example of his older sister, Rita (age 60). Rita plans to retire from her work as a social worker in the next few years, but George is sure she will continue to volunteer at the youth outreach program she helped establish many years ago.

George would like to help Rita live a bit more comfortably in her retirement so she can easily afford to volunteer as much as she would like. George considered simply purchasing an annuity for his sister, but thought it might be a better thing to make it a charitable gift annuity. By deferring the annuity start date for four years, George is able to provide lifetime payments to Rita of \$3,000 a year with his gift of stock worth \$50,000. Plus, George receives a valuable charitable deduction of \$12,813 this year that will help him offset his own high income tax liabilities.*

Choosing a deferred gift annuity is a sensible and thoughtful way for George to honor a shared commitment to giving back.

** Examples based on an AFR of 2.4% and a quarterly payout.*

Consider the Benefits

No Contribution Limits. Unlike IRAs and other qualified retirement plans, there are no annual limits on your contributions to fund 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 other assets, preferably long-term appreciated property (property held for longer than 12 months). You can select the frequency of payments (monthly, quarterly, semi-annually

or annually) and the start date. You also can set up a two-life deferred gift annuity if you want to include your spouse (although this option reduces your deduction).

Favorably Taxed Payments. Until you reach your age of life expectancy as measured at the time the gift is made, part of your annuity payment will be free of income taxes. When funding your gift annuity with cash, you can generally expect a significant tax-free component.

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 regular gift annuity, in which the annuity payments begin right away. Today, as more and more mid-career professionals and business owners plan for a successful retirement, the deferred gift annuity has gained a wider popularity.

Find out how you can support our organization plus bolster your retirement income 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 and request an illustration (without any obligation whatsoever). Why not explore how you, too, can benefit from a deferred gift annuity?