

The Gift Annuity

A Lifetime of Income... and Personal Satisfaction



Income for Life for you... Benefit for Future Generations

A charitable gift annuity is an extraordinary way to make a gift, increase your income and slice your tax bill – all in one transaction! Our charitable gift annuity program was created as a service to our many friends who have expressed a desire to make a gift of significance, while still retaining income from the gift property during their lives.

A charitable gift annuity is a contract in which you exchange a gift of cash or securities for a fixed income each year for the rest of your life (or for the lives of two people).

Your gift annuity offers five distinct advantages:

- Income for Life – at attractive payout rates for one or two lives;
- Tax Deduction Savings – a large part of what you transfer is a deductible charitable gift;

BENEFITS OF A CHARITABLE GIFT ANNUITY FOR \$10,000*

Age	Recipient's Annual Payment	Tax-Free Portion	Taxable Income	Charitable Deduction	Effective Payout Rate**
60	\$500	\$276	\$224	\$3,351	6.7%
65	\$530	\$311	\$219	\$3,809	7.3%
70	\$570	\$359	\$211	\$4,298	8.1%
75	\$630	\$423	\$207	\$4,748	9.2%
80	\$710	\$506	\$204	\$5,244	10.6%
85	\$810	\$620	\$190	\$5,786	12.5%
90	\$950	\$757	\$193	\$6,289	15.1%

* The \$10,000 figure is merely a convenient multiple. We will be glad to provide you with tax and financial results for any size gift.

** The "effective" rate takes into account the donor's charitable deduction tax savings and the benefits of the tax-free income in a 28% federal income tax bracket. Deductions vary according to current interest rates.

- Tax- Free Payout – a large part of your annual payment is tax-free return of principal;
- Capital Gains Tax Savings – when you contribute securities for a gift annuity, you minimize any taxes on your "paper profit;"
- Personal Satisfaction – from making a gift of lasting significance.

YOU CAN CHOOSE...

How frequently payments will be made - quarterly, semiannually, annually; one-life or two-life annuities; cash or securities to fund your gift. Cash gifts allow maximum tax-free payments; gifts of securities allow you to minimize capital gains taxes.

If an important part of your life's story is your relationship with Mount St. Mary's University, then there is no better way to honor that relationship than to create a lasting legacy of generosity that will shape the future of the Mount for generations to come.

Please address all inquiries to:
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TRANSFORM CD'S INTO GIFT ANNUITIES

Do you have certificates of deposit that are nearing maturity? Consider converting CD funds to a gift annuity. Take the case of Mrs. K, age 75, who has \$10,000 in a CD that will mature next month. She thinks she can get 2% interest on a new CD. But Mrs. K had been thinking about leaving us \$10,000 in her will and that leads her to a better plan; a charitable gift annuity. For a \$10,000 gift, Mrs. K will receive (1) annual income of \$670 (6.7%), of which \$450 will be tax free, (2) an income tax charitable deduction of \$4,414, and (3) the immediate satisfaction of making a truly significant gift.

HOW MUCH INCOME WILL I RECEIVE?

Gift annuity rates are determined by the age of the person or persons who receive the income payments. The chart below shows that rates are higher for older donors. We can provide you with payout rates for two-life arrangements.

Age of Donor	Rate of Return	Age of Donor	Rate of Return
60	5.0%	76	6.4%
62	5.1%	78	6.7%
64	5.2%	80	7.1%
66	5.4%	82	7.5%
68	5.5%	84	7.9%
70	5.7%	86	8.3%
72	5.9%	88	8.9%
74	6.1%	90 or up	9.5%

GIFTS OF SECURITIES SAVE TWICE

A gift annuity funded with appreciated securities may hold special advantages. If you have \$10,000 worth of stock in which you have a \$3,500 long-term capital gain, you can avoid some tax that you would owe were you to sell the stock. Suppose your charitable deduction were 40% of the \$10,000 you gave. You would escape tax on 40% of your \$3,500 gain. The remaining capital gain could be reported in prorated amounts over your life expectancy.

FOR MORE INFORMATION ABOUT GIFT ANNUITIES

We can provide you with a free gift annuity analysis that answers all your questions. Just fill out and return the donor form. Or simply call our office.

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