

# GRACIOUS GIVING

*Planning with a Joyful Heart*

## Charitable Gift Annuities Make Sense in Turbulent Times

**I** know my support is needed now, more than ever, and I want to help – but I must be especially careful these days regarding my financial security.”

Many supporters of Reformed Theological Seminary share that view, and we fully understand their feelings. We're happy to point out, however, that the *charitable gift annuity* provides a way to help Reformed Theological Seminary while securing a stable annual income for life.

Reformed Theological Seminary will promise to pay donors (or others they select) a fixed income for life from gifts of securities or cash. Payout rates depend on the age of the income recipient(s) and range from about 5% to 10.5%.

Friends who are looking for antidotes to stock market volatility or low CD rates find gift annuities ideal for helping Reformed Theological Seminary – and themselves.

Retirees often are interested in having an “income they cannot outlive” – which is just what a charitable gift annuity offers. If someone age 82 establishes a gift annuity with \$10,000, we will pay that person \$800 a year (8.0%) for the rest of his or her life, even to age 92, 102 or older.

Here are some other important points to remember:

- Gift annuities offer a way to exit the stock market that minimizes capital gains taxes for friends who still own appreciated securities;

- Gift annuity payments are higher than rates currently available from money market funds and certificates of deposit;

- Gift annuity payments are partly tax free or taxed at low capital gains rates (0% for some recipients).

It's important to know that your annuity payments are backed by the full resources of the Reformed Theological Seminary – and that we have never missed a payment in the history of our gift annuity program. Remember, too, that gift annuities provide tax deductions of 30% to 50% of the amount you transfer. Please call our office for a personal illustration of how a gift annuity could work for you.

### 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	\$550	\$304	\$246	\$2,686	7.2%
65	\$570	\$335	\$235	\$3,341	7.7%
70	\$610	\$384	\$226	\$3,898	8.5%
75	\$670	\$450	\$220	\$4,414	9.6%
80	\$760	\$542	\$218	\$4,908	11.3%
85	\$890	\$681	\$209	\$5,370	13.6%
90	\$1,050	\$837	\$213	\$5,898	16.5%

\* 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.

## Deferring Annuity Payments Will Reap Immediate and Future Rewards

**Y**ou might want to consider making an immediate gift of cash or property while postponing your annuity payments to some future time. This special kind of gift is called a *deferred payment gift annuity*.

Your annuity payments will be larger if you make the arrangements now, rather than waiting to establish your annuity. Also, you will receive your income tax deduction immediately, during your working years, while you are probably in a high tax bracket and need

deductions most. Your deduction reduces the cost of your gift substantially. And the deduction for a deferred annuity is much larger than the deduction that would be allowable if you were to make a gift for an immediate annuity.

The deferred gift annuity can be an excellent way for you to augment your retirement savings and provide for our future at the same time. Or a deferred gift annuity can be used to set up a retirement fund for a loved one.

For example, Mrs. Harris

would like to provide for her daughter, who is in her early 40s, and also make a gift to us. By arranging a deferred gift annuity that begins paying her daughter at age 65, Mrs. Harris can accomplish both long-term and short-term goals. Her daughter will receive a solid, guaranteed life income at her retirement. Mrs. Harris receives both a substantial income tax deduction that will help with this year's tax bill, and the satisfaction of knowing that she is contributing to a positive future for Reformed Theological Seminary.

## The Charitable IRA: Retirement Savings Plus Personal Satisfaction

**F**or many people, limitations put on contributions to IRAs, 401(k) plans and other retirement plans have made retirement planning more difficult.

People who are no longer able to deduct IRA contributions might consider establishing a "charitable IRA" with deferred payment gift annuities. You would simply purchase a deferred annuity every year until retirement, and your contributions would be 35% to 50%

deductible as charitable gifts.

For example, a 55-year-old bachelor, in addition to putting funds into an IRA, could contribute \$10,000 (or more – there is no limit) for a deferred gift annuity every year. In ten years he will have built a substantial, guaranteed income for his retirement at age 65.

The sum of his ten annuities would give him an annual income of nearly \$7,500 – a combined payout of 7.5%. What's more, his charitable

deductions would total more than \$35,000. The deductions average out to more than 35% of the total \$100,000 he transferred, almost as good as a fully deductible IRA.

Donors to a charitable IRA get an extra dividend that normal IRA participants miss – the satisfaction of knowing that they're investing in a bright future for Reformed Theological Seminary. Please send for our complimentary booklet, *The Charitable Gift Annuity*.

## Tailor Your Gift Annuity for Just the Right Fit

**A** charitable gift annuity can be arranged to fit most financial and philanthropic needs. Here are some questions and concerns we sometimes hear from our friends:

**Q:** *Is there some way I could use an annuity to help support my mother (she's 77) and have the payments come to me after her death?*

**A:** You can establish a two-life "survivorship" annuity that would provide a lifetime income to your mother and a charitable contribution deduction for you this year. When your mother dies, the payments would continue to you for the rest of your life.

**Q:** *Can I arrange a gift annuity for a family friend? She is actually our part-time housekeeper and is getting ready to retire. I would like to do something for her and a worthwhile cause, as well.*

**A:** Gift annuities can be an important supplement to anyone's retirement income, including friends and family members. The friend will receive annual payments for life but you will receive the charitable deduction. It's best to fund such annuities with cash, for tax purposes.

**Q:** *My mother and father both died during the last three years and I would like to make a gift in their memory. Can a gift annuity be established as a memorial?*

**A:** Your gift annuity can memorialize another person or persons and we would be pleased to help plan such a gift.

**Q:** *I'm concerned about having to pay taxes on my Social Security benefits because my other retirement income is over the limit. Could a gift annuity help me, since the income is partly tax free?*

**A:** Under the right circumstances, retirees can reduce the tax on Social Security benefits by converting some fully taxed



investments into charitable gift annuities. You're sure to save taxes, in any event.

We would be happy to provide you with more information on charitable gift annuities, and to send you our free booklet explaining this unique gift and income arrangement.

### Revive "Sleeping" Savings Bonds

Do you own Series E or EE savings bonds? It's possible that some or all of your bonds have stopped earning interest. In any event, E and EE bonds do not provide you with any income. Savings bonds can be converted into charitable gift annuities by cashing the bonds and contributing the proceeds. You must report any interest that has built up on the bonds, but your gift annuity will create a charitable deduction that may reduce or even eliminate the taxes owed on the bonds. Furthermore, you will receive lifetime payments at attractive payout rates, part of which will be tax free during your life expectancy.

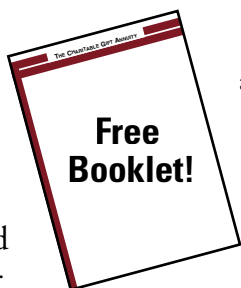
## The Advantages of a Charitable Gift Annuity

**T**he charitable gift annuity is a unique plan for satisfying both philanthropic and financial needs. Yet it's a remarkably simple plan: In exchange for a gift of cash or securities, we will pay you a certain fixed dollar annuity for the rest of your life. Or, if you wish, we will pay the annuity to another for life . . . or to you and another for your respective lives.

The exact amount of the annuity will depend on your age, the size of your gift and whether there are other beneficiaries. In most cases, the annuity will be from

5.5% of the amount of the gift to as much as 10.5%.

The particular facts of each gift determine the extent of these advantages. Robert Bridges, Executive Vice President of the RTS Foundation, will be happy to provide you with specific figures for whatever gift annuity arrangement you may want to consider.



Please consider a gift annuity arrangement with the RTS Foundation. In addition to the possible financial benefits you may derive, you'll have the satisfaction of knowing you have supported Reformed Theological Seminary.

### Examples of Single-Life Gift Annuity Rates

Age of Recipient	Payout Rate	Age of Recipient	Payout Rate
60	5.5%	76	6.9%
62	5.6%	78	7.2%
64	5.7%	80	7.6%
66	5.8%	82	8.0%
68	6.0%	84	8.6%
70	6.1%	86	9.2%
72	6.3%	88	9.8%
74	6.6%	90 or over	10.5%

For more information about the charitable gift annuity, simply return the enclosed card in the envelope provided, and we'll send you our booklet, *The Charitable Gift Annuity*. It's a wealth of information.

### Tax Alert! IRA Gift Opportunity Restored Through 2009

Congress has renewed the law permitting persons over age 70½ to make IRA gifts to qualified organizations, up to \$100,000. Amounts we receive will count as required IRA distributions, freeing you of the income tax you would normally pay. To make a gift, simply contact your IRA custodian and notify our office so we may ensure proper transfer and receipting of your gift.

**RTS**  
FOUNDATION



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*“Supporting the ministry of  
Reformed Theological Seminary”*

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