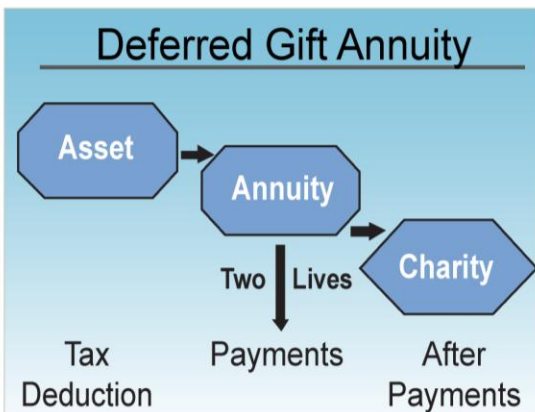


## How Your Appreciated Assets Can Pay Off At Retirement

*The Deferred Gift Annuity offers some unique benefits and is increasingly popular, in part, because it offers a way to maximize the return of highly appreciated, low-yield assets.*

Our lawmakers continue to provide incentives for Americans to save today in order to meet the financial needs of the future. Each of these plans (like the IRA and 401(k)) deliver tax benefits in return for a decision that, in effect, defers access to income today.



The charitable planning strategy known as the Deferred Gift Annuity is similar, providing benefits when income is deferred. However, this plan has four benefits you won't find in other retirement plans. These are:

- A charitable income tax deduction
- Partial bypass of capital gains tax on appreciated stock
- Partly tax-free income
- A gift to charity

### Part Gift / Part Future Annuity

The Deferred Gift Annuity is an agreement that is actually part gift and part annuity. The chart below illustrates the basics of this agreement.

Mr. and Mrs. Sample, both age 50, own a block of stock with a current value of \$100,000. The couple purchased the stock a number of years ago for \$20,000, but the stock generates almost no income.

Several months ago the couple decided to examine their retirement planning. They explored options that would convert this \$100,000 block of stock into an income producing asset. Selling the stock was an option, but would trigger a tax liability.

The Deferred Gift Annuity offered the ideal solution. Here's how it works:

As our chart shows, Mr. and Mrs. Sample transfer the stock to a qualified charity in exchange for a Deferred Gift Annuity agreement. The agreement calls for a charity to make annual income payments to the Samples, beginning at retirement and continuing for life. Upon the death of both Mr. and Mrs. Sample, the value of the annuity passes to charity.

When the stock is transferred to charity they receive a charitable income tax deduction, and they bypass part of the tax due on the \$80,000 capital gain. Based on the couple's ages and deferring payments for 15 years, the annual annuity payment for life will be \$8,300. Part of that annuity payment will be tax-free.

Upon the death of both Mr. and Mrs. Sample, the value of the Deferred Gift Annuity agreement goes directly to Charity. So, not only do Mr. and Mrs. Sample realize their goal of improving their retirement plan, they are able to realize a long-term philanthropic objective as well.

(The Deferred Gift Annuity can be funded with cash, as well as stock.)