The death of a loved one causes one of the most profound emotionally turbulent periods during a lifetime. Sleeplessness, weight loss or gain, hopelessness or even an unshakable lethargy are just several of many common side effects experienced among those left to grieve. While the onset of these symptoms often occur quite suddenly, these symptoms frequently take a much longer time to dissipate. The healing process is unique and personal for each of us. Yet it is something we much each go through at some point in our lives.

During a period of mourning, it is typically not a good idea to make significant, life-altering decisions. The stress and raw emotions felt after a death frequently impair our thought process. We make bad decisions. We do things we would not ordinarily do. Knowing this, why would anyone choose to place the burden of dividing up his estate upon a person he loved very much and leave no written dictates?

You can take important steps in helping your loved ones through the healing process even before your death. Talk to your tax accountant, lawyer or financial investor. Develop a planned giving statement, now. Your legacy can be both long lasting and the most generous act you have committed. Do it now.

SHARE

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Communico

On Annuities

SHARE

How Does a Charitable Gift Annuity Work?

A gift annuity is an irrevocable gift that is permanent. It is not a trust, but rather it is a contract between one (or two) and a named charitable organization. Think of an annuity as an insurance policy of sorts. It is also one of the easiest forms of planned giving. The donor of a charitable gift annuity is promised a specified lifetime income from the legitimate 501(c)(3) charitable organization when he or she give this type of gift. At the time of the annuity's creation, the exact amount will be agreed upon.

In most cases, the life income goes to the donor, but is often shared 100% when it is a joint agreement with survivorship to the donor and spouse. The donor also has the added security of his or her investment being backed by all of the assets at the disposal of the named charity. This is attractive for many donors because annuities can actually increase retirement income while lowering income taxes. An added bonus is the security of knowing these payments will continue for your entire life, guaranteed.

Quick Fact . . .

The rate of return for each donor is determined in part by his or her age. Typically, the older a person is the higher the payment rate when the annuity is established. It is generally done this way because for older people, even though they retain more of the initial amount gifted, a significant amount typically remains for the charity of choice upon the donor's death.

Examples

A Single-Life Annuity

A person who establishes a single life annuity creates a fairly straightforward type of investment. Kitty Wojokowski is a young 80. Vital, active in the Share Foundation's many volunteer opportunities, Kitty decided she wants to leave a legacy to help improve the lives of the other abled. Through a single-life gift annuity, she gave the Share Foundation a gift of $35,000. The Share Foundation, in turn, will pay her $3,150 (or 9%) annually in each of her remaining years. Each year Kitty can claim a portion of this payment as tax-free. This is in addition to the larger deduction for which she qualifies in the year she donates this gift.

A Single-Life Annuity Funded with Stock

Rebecca Munez never married or had any children. But that didn't stop her from becoming involved as a guide around the Share Foundation's facilities for those families visiting us each year. Rebecca decided to use $25,000 in appreciated stock to create a gift annuity for the Share Foundation, to be used to maintain the guesthouse so the families of the other abled will always have a place to come. By creating an annuity with appreciated stock, Rebecca defers the capital gains she would have paid had she sold the stock outright, over the life of the newly created annuity. This is possible because each year some of her income payment from the annuity will be classified as a capital gain.

A Two-Life Annuity

Don and Ruth Lester are both in their 80s. Married for over 60 years, the couple has one child, Paul, who currently resides at Sharing Meadows. The Lesters made a donation of $75,000 through a two-life gift annuity. Although the rate of return they receive is lower than the single-life annuity, their terms are guaranteed for both of their lives. The rate is typically lower on a two-life annuity because the age of each spouse must be factored into the equation. The Share Foundation guarantees an 8.4% rate or $6,300 each year for both of their lifetimes. There will be no reduction in payments should one spouse predecease the other.

Advantages

- Payments are guaranteed for the life of the donor
- Rates are fixed, so they never decrease, and are set high
- Donors find a portion of the payment is exempt from taxes
- Donors who itemize currently get an income tax deduction,
- Donors save on capital gains taxes
- There is no set up cost, no premium and no annual fee associated with a gift annuity
- Donors can contribute as much as they choose – there is no limit on how much you can contribute