

THE CHARITABLE GIFT ANNUITY



The *Circuit Rider Society* of the Holston Conference Foundation honors and celebrates those who make a planned gift, including charitable gift annuities, to a Holston Conference church, ministry or organization through the Foundation.

The Society celebrates a distinguished group of individuals whose legacy of leadership and sacrificial generosity, like the Circuit Riders of old, demonstrates a commitment to the tradition of yesterday and a vision of tomorrow.

The Foundation provides a lapel pin to the donor and recognition on the Circuit Rider Society wall in the Conference Center listing all who have embraced philanthropy as a public way of saying
"Well done, good and faithful servant."

For more information on the Circuit Rider Society, or charitable gift annuities, please contact Paul Bowman, Director of Gift Planning at (865) 690-8124 or email paulbowman@holston.org.

www.holstonlegacy.org



Please send me gift annuity information including income and tax benefits. I am considering placing \$_____ cash in a charitable gift annuity that will make payments to a person born _____ (or, a person born _____ and a person born _____).

I prefer payments be made:
 quarterly semi-annually annually

I would like the charitable beneficiary to be _____ or I would like to establish an endowment benefiting _____.

I am considering funding my gift annuity with appreciated securities.

I originally purchased these securities at a cost of \$_____.

I estimate that the current market value now is \$_____.

My Name: _____ DOB: _____
Spouse: _____ DOB: _____
Address: _____
City: _____ State: _____ Zip: _____
E-mail: _____
Telephone: _____
Church Affiliation: _____

All inquiries should be addressed to:

**THE HOLSTON CONFERENCE OF THE UNITED
METHODIST CHURCH FOUNDATION, INC.**

Roger Redding, *Executive Director*

Paul Bowman, *Director of Gift Planning*

P.O. Box 900
Alcoa, TN 37701-0900

(865) 690-8124

holstonlegacy.org

CONSIDER THE BENEFITS

A charitable gift annuity offers many benefits to you and The United Methodist Church!

- It provides you an immediate income tax **charitable deduction** in the year the cash or securities are transferred to the Foundation.
- It pays a **lifetime income** to one or two individuals.
- Part of the income from your gift annuity will be income **tax-free**.
- The income payment from the gift annuity can begin immediately or can be deferred until some future start date.
- The Foundation's promise to pay the annuity is backed by the general assets of the Foundation.
- When appreciated property is transferred in exchange for a gift annuity, the resulting capital gains tax liability is usually spread over your life expectancy.
- It removes the transferred assets from your gross estate for federal estate tax purposes.
- It can be used to make one significant gift, or a series of smaller, repeat gifts.

WHAT IS A CHARITABLE GIFT ANNUITY?

A Charitable Gift Annuity (CGA) is an uncomplicated gift. You simply exchange a gift of cash or securities for a fixed income each year for the rest of your life. You make a gift to The Holston Conference of The United Methodist Church Foundation, Inc. for the ultimate benefit of your church or other United Methodist ministry(ies) and receive a **lifetime income**.

Why Its Popular

A CGA is a popular option because it provides many people the opportunity to potentially increase their income, slice their tax bill and make a significant gift for ministry. Many donors replace low yielding CD's and money market accounts with CGA's and are so pleased, that they come back to establish more!

A gift annuity is a simple way to benefit yourself and leave a significant gift for ministry. A win-win situation!

Who Can Receive Payments

You or any person you designate – within limits – can be the beneficiary of your CGA payments (up to two lives). You can even direct the payments to be paid to one person for life and then to a second person for their life.

Keep in mind that it's the age of the annuitants – not the donor – which will determine the size of the payments and the charitable deduction. Payments are usually for the donor or the donor and their spouse, but it may be for another relative or friend.

How Payments Are Determined

The amount of the annuity payment is based on the ages of the income recipients, the amount or value of the gift made to the Foundation, and the number of income recipients (one or two). Generally, **the older the annuitant, the higher the payment rate**.

The following chart shows sample rates for one life and two life recipients. We can gladly provide you with customized payout rates for one- or two-life annuities with no obligation.

SINGLE LIFE RATES		TWO LIFE RATES	
Age	Rate	Age	Rate
65	4.7%	65/65	4.2%
70	5.1%	70/70	4.6%
75	5.8%	75/75	5.0%
80	6.8%	80/80	5.7%
85	7.8%	85/85	6.7%
90 +	9.0%	90/90	8.2%

How Payments Are Taxed

A portion of each annuity payment is **tax-free!** The exact amount of the tax-free portion depends upon the age of the annuitant(s). If long-term appreciated assets are exchanged to fund an annuity, a portion of each payment will be taxed as long-term capital gain. After capital gain and the tax-free portions of the annuity payment, the balance of the payment is taxed as ordinary income, just like earnings from a money market account.

A portion of the amount you transfer to the annuity program is deductible as a **charitable contribution**. You claim the **deduction** in the year of the gift. Any excess deduction may be claimed in the following five tax years. Taking into consideration the tax deduction, the effective rate of return on your CGA may be considerably higher than the rate of return from a money market fund or CD.

How the Church Or Your Favorite Ministry Benefits

Option #1

The payments continue for the life of the annuitant(s) after which seventy-five percent (75%) of the remainder will be distributed for the United Methodist ministry(ies) (local church, Holston Home, Seminary Scholarships, Missions, Camp, etc.) that you select. The Holston Conference Foundation receives twenty-five percent (25%) of the remainder to sustain our ministry.

Option #2

This option is actually the one **most popular** with our donors. This option allows the donor to **create a named endowment** fund in the Foundation from the remainder of the annuity. The endowment is permanently invested through the Foundation, but 100% of the annual distributions are made to the local church or other ministry(ies) as directed by the donor. The endowment usually bears the name (or is named) by the donor.

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

AGE	RATE	ANNUAL GUARANTEED INCOME	ANNUAL TAX-FREE AMOUNT	CHARITABLE DEDUCTION*
65	4.7%	\$470	\$383	\$2,534
70	5.1%	\$510	\$427	\$3,378
75	5.8%	\$580	\$497	\$4,038
80	6.8%	\$680	\$597	\$4,627
85	7.8%	\$780	\$720	\$5,394
90+	9.0%	\$900	\$861	\$6,122

* This assumes annual payments and uses the January 2012 American Council on Gift Annuity table of suggested rates and an assumed Federal rate of 1.0%. We will be happy to provide you or your advisor with a personalized illustration.

LET US HELP

The Foundation is equipped with advanced gift-planning software to provide you or your advisor specific information on how a CGA might benefit you and the church. Please feel free to use the attached coupon or call the Foundation office to request information or a visit from the director or staff member.