



Gift Annuities The Gift That Keeps On Giving

Interest rates on fixed income investments—certificates of deposit (C.D.'s), bonds, money market accounts—have been beaten down by recent actions of the Federal Reserve. Unfortunately, for people who rely on interest income for their livelihood, low interest rates are expected to continue for the foreseeable future.

Retired persons over 65 are hurt most severely. They calculated their retirement income needs on the traditional interest yield of 6% to 8% on their investments. *There is at least a partial solution to this dilemma.*

People can move a portion of their low-yield fixed income investments into a charitable gift annuity for the benefit of their school's or parish school of religion's account in the Endowment Trust Fund for Catholic Education. By this action, they will accomplish a number of advantageous results:

- Donors will immediately boost their rate of return. For instance, a person 70 years old would receive 6.1%% on his/her gift amount; at 80, a donor would earn 7.6% interest on the amount of his or her gift. The rates are locked in for life, not subject to changes in the economy.
- A portion of the income paid on the charitable gift annuity is deemed tax-free and thereby boosts the effective rate of earnings even higher—call us for a confidential illustration.
- In the year of the gift or for the following five years, a significant charitable deduction is allowed from the donor's regular taxable income, usually about one-third to one-half the value of the gift itself (depending on the donor's age).
- Gift annuities can be written for a single person's life or for two lives (husband and wife, siblings), with a slightly lower rate of return. Deferred gift annuities are also available, and they can provide current deductions with much higher interest for younger donors at the time of their retirement.

Gift annuities are like a charitable bequest, but they have the added benefit of producing an income stream during the donor's lifetime. Money or property (stock, bonds, or other appreciated property) given to a charitable gift annuity is not available for one's heirs, as

it passes directly at the death of the donor to the Endowment Trust Fund, without the intervention of probate and without taxation.

Charitable gift annuities may benefit your school or parish school of religion. Endowments provide an effective tool to increase income while giving to charity. Within the Diocese, annuities may also be written for the benefit of parishes, parish schools, and any Diocesan ministry. For more information, call the Office of Stewardship and Development, (816) 756-1858, ext. 529.

