

# Planned Giving | Deferred Gift Annuity

This type of gift might appeal to you if you want to support Acts 1:8 Ministry, are 40 to 60 years old, have a high income, need to benefit now from a current tax deduction, and are interested in augmenting potential retirement income.

## HOW IT WORKS

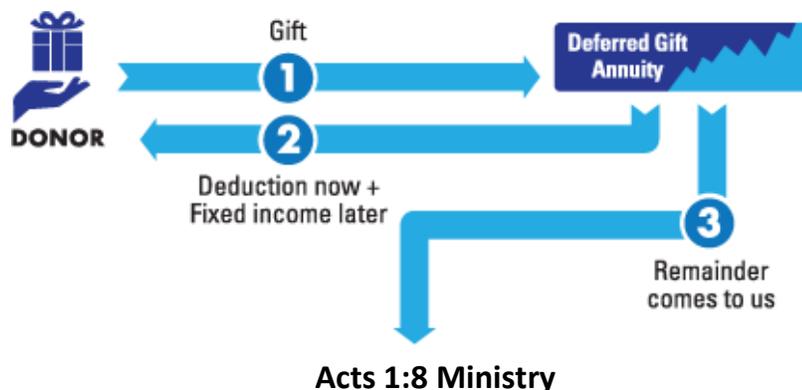
The Deferred Gift Annuity involves the current transfer of cash or marketable securities in exchange for which Acts 1:8 Ministry agrees to pay the donor an annuity starting at a future date—usually at the donor's retirement.

You realize an immediate charitable deduction for the gift portion of your transfer to the Deferred Gift Annuity plan. A portion of each annuity payment, when the payments begin, will be a tax-free return of principal over the life expectancy of the annuitant. When appreciated long-term capital-gain securities are transferred, any reportable capital gain is spread out over the donor-annuitant's life expectancy.

If you include Acts 1:8 Ministry in your plans, please use our legal name and Federal Tax ID:

**Legal Name:** Acts 1:8 Ministry, Inc.

**Federal Tax ID Number:** #16-1644133



## BENEFITS

When you establish a Deferred Gift Annuity with either cash or securities, you or the beneficiary you name receive(s):

- A fixed income for life
- A partial income tax deduction for the year in which the gift is made
- An opportunity to defer capital gains tax

Payments begin at a specified future date. This can be an attractive option for donors as young as age 50, who may wish to supplement future income.

## FREQUENTLY ASKED QUESTIONS

### **How can this gift enhance my retirement savings?**

A Deferred Gift Annuity provides lifetime annuity payments commencing at a future date. Because of this deferral, payments from Deferred Gift Annuities are higher than from annuities whose payments begin immediately, and donors usually receive a larger charitable deduction than they would for an immediate-payment annuity. Many donors use deferred gift annuities as a source of supplemental retirement income. They often create their annuity with funds they had already set aside for retirement savings, and set their anticipated retirement as the date to begin receiving payments. An attractive option is to establish a series of deferred gift annuities over several years, all scheduled to begin payments upon the donor's retirement.

### **May I choose the start date for my annuity payments?**

Yes, you may. Choose whatever date makes sense to you. And remember this: the longer you wait, the larger your payments will be.

### **Is it better to use gifts of cash or stock for my Deferred Gift Annuity?**

One is not necessarily better than the other. Both have distinct advantages. A gift of cash will produce a larger tax-free portion of the annuity. A gift of stock will reduce the donor's capital gain tax. Both assets produce an equal annuity rate and charitable income tax deduction.

## A CASE STUDY

Mr. and Mrs. Cullen, both aged 55, wish to supplement their retirement income with Deferred Gift Annuities. After consulting with their own financial advisors and our Mission Advancement Director, they decide to contribute \$10,000 each year for the next ten years to Acts 1:8 Ministry.

The tax and financial benefits of this arrangement to the Cullens are as follows:

- Under the deferred-gift arrangement, the Cullens are entitled to a charitable deduction for each annual contribution. While the deductions vary from year to year, the total charitable deduction over the ten-year period, based on current IRS mortality and interest assumptions, will be approximately \$22,000 (*22% of the amount they contribute over the ten-year period*).
- At the age of 65, when retirement income becomes important, the Cullens will receive \$4,980 each year from their well-planned annuities. In addition, a portion of those payments will be excludable from their taxable income for their life expectancy.
- Unlike a qualified retirement plan, there are no upper limits to their contributions or other restrictive requirements on the design of the plan.