# *Charitable Gift Annuity*

## How it works…

### *Sample A: Gift of CD*

Betsy is 82 years of age. Because of health problems, she will have to employ an aide in the coming year. Her $100,000 certificate of deposit, which has an interest rate of 4.5% will mature next month. Betsy would like to make a gift to Bradford Hospital Foundation, but she believes she will be unable to do so because of her need for increased income to pay for the aide. A charitable gift annuity can provide an attractive solution. She can make a gift to BHF, increase her lifetime income, and receive a welcomed charitable tax deduction at the same time. For her gift of $100,000, BHF agrees to pay her $7,000 each year for her lifetime (based on her age and the established rate of 7%) of which about $6,328 will be tax-free for the next 8 years. Further, Betsy receives an immediate charitable income-tax donation of $50,036 (based on a federal discount rate of 0.8%)

### *Sample B: Gift of Stock*

A woman, age 80, contributes $20,000 of stock with an original cost basis of $8,000 to Bradford Hospital Foundation for a gift annuity. With an annuity rate of 6.5% , she receives fixed payments of $1,300 per year as long as she lives. For the duration of her life expectancy (until 2030), $462 of each annual payment is tax-free and $694 is taxed as capital gain. She also receives a charitable deduction of $9,597 (based on a federal discount rate of .8%). At the end of her life, the remainder of her gift annuity will benefit BRMC.

### *Sample C:*

### *Deferred Charitable Gift Annuity*

Ralph, a 50-year old surgeon decides to increase his retirement and to make a major gift to Bradford Hospital Foundation. He has reached the ceiling on contributions to qualified retirement plans. After conferring with officials at BHF, he instructs his broker to transfer $50,000 worth of his shares of a mutual fund that he acquired for $10,000 to the Foundation in exchange for a deferred annuity starting at his retirement. He will qualify for a federal income tax deduction of approximately $5,641 (discount rate of .8%) and will receive fixed payments in quarterly installments totaling $3,300 each year, starting at age 65, for life. In addition, a portion is tax-free and another portion is gain for the first 20 years of payments (please contact us for further instructions).

If he were to see or reeinvest these shares himself, he would owe tax on $40,000 of capital gain. In addition, his estate may enjoy reduced probate costs and estate taxes.

**To All Donors….**

**Bradford Hospital Foundation's professional development staff and members of the Foundation Planned Giving Committee are always available to discuss with you the advantages of our Charitable Gift Annuity Program, as well as providing details on other giving opportunities.**

**The information in this publication is not intended as legal advice. For legal advice, please consult an attorney. Figures cited in examples are based on current rates at the time of printing and are subject to change and change often.*

## The Benefactor's Society

Bradford Hospital Foundation has created The Benefactor's Society to honor those individuals, families, corporations and foundations who have and who will address the long-range needs of BRMC through a planned gift.

Members are inducted each year at Bradford Hospital Foundation's Annual Donor Reception.

**Gifts may include:** Charitable bequests, charitable gift annuities, pooled life income gifts, charitable remainder trusts, gifts of life insurance and other gifts and estate planning arrangements.

*Bradford Hospital Foundation's Charitable Gift Annuity Program is managed by Northwest Savings Bank Investment Management and Trust Services. They provide experienced professional management of the assets.*

***Charitable Gift Annuities are a way to diversify your annual sources of income while receiving a tax deduction for a portion of the amount contributed to support the mission of Bradford Regional Medical Center.***


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Bradford Regional Medical Center

FOUNDATION

# Charitable Gift Annuity Program



A creative charitable use of certificates of deposit or other assets which will guarantee you fixed life income!

## Charitable Gift Annuity

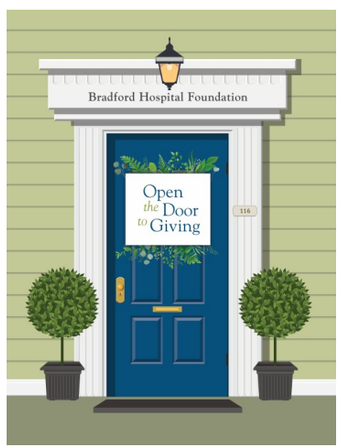
Today's interest rates are indeed a mixed blessing. If you wish to borrow money, low interest rates are helpful. If you are depending on interest from your fixed income investments, such as certificates of deposit, low interest rates may be a problem.

However there is a solution! Charitably minded donors can use your certificates of deposit and low yield stocks and bonds to benefit both yourself and Bradford Regional Medical Center.

Create a **Charitable Gift Annuity** and enjoy fixed annual or quarterly payments on the annuity for the rest of your life. At the same time you will be helping BRMC to continue its important mission in providing the finest in health care to everyone in the community.

## How a Gift Annuity Works

The concept of a charitable gift annuity is simple; it is an irrevocable contract between you and Bradford Hospital Foundation. You transfer cash, certificates of deposit coming due, appreciated stock or other assets to the Foundation. **The minimum contribution is $5,000.** The Foundation reinvests these assets and agrees to make fixed payments to you for life (and, if desired, for another beneficiary's lifetime, that is age appropriate). Upon the death of the last beneficiary, the funds are available for BRMC's use.




## How to Fund a Charitable Gift Annuity

A gift of cash, certificates of deposit coming due or stocks, bonds, or other securities may be used to fund a charitable gift annuity. If you contribute appreciated securities such as stocks, bonds and municipal bonds, you will need to pay some capital gains taxes on the gain in the "sale" portion of the transaction. These capital gains are paid over your life expectancy - they are not all payable in one year.

## Benefits You Receive

Not only do you have the benefit of lifetime payments for yourself and possibly another person, but you receive many tax advantages:

- **Income tax deduction:** You are entitled to an income tax charitable deduction in the year you make the contribution. The deduction is less than the amount contributed for the annuity because of the benefit you receive during your lifetime. Generally, the deduction is approximately 40-50% of the amount contributed. Bradford Hospital Foundation can provide a calculation for you.
- **Capital gains tax savings:** If you contribute stocks or bonds owned for at least a year and one day, which have increased in value since they were purchased, you can avoid part of the capital gain. The portion of the gain that is still taxable is reported over your life expectancy.
- **Estate tax savings:** The amount contributed for a charitable gift annuity is removed from your taxable estate if you and/ or your spouse are the only income recipients.
- **Lifetime payments:** For yourself and another.

## Deferred Gift Annuity: Great Supplemental Retirement Planning

Perhaps one of your personal financial objectives is to supplement retirement funds. If so, you can delay the start of annuity payments until a certain date (such as when you reach age 65), or flexible date in the future. This is done with a **deferred gift annuity.** Deferral of payments increases the initial income tax charitable deduction (resulting in greater tax savings) and improves the annuity rate to be paid. (See the opposite side for an example of a deferred gift annuity.)

## Summary of Charitable Gift Annuities

- Bradford Hospital Foundation's assets secure the payments on the charitable gift annuity.
- A charitable gift annuity is a simple contract between you and the Bradford Hospital Foundation and can be executed expeditiously.
- You will receive fixed income for life.
- A federal income tax deduction is available for a portion of the gift you make for your annuity.
- Part of each payment may be free from federal income tax for a designated period of time.
- If you use stocks or bonds you will not owe any capital gains when you make your gift.
- When you create your gift annuity, those assets are no longer in your taxable estate.
- Annuity payments can go to you, a spouse, parents, or other loved ones.
- You will have the satisfaction of supporting the future of quality health care at BRMC and secure a healthier community.

# Maximum Immediate Gift Annuity Rates*

### Maximum Recommended Gift Annuity Rates*

| Age | Rate | Ages | Rate |
|---|---|---|---|
| 50 | 3.3% | 50/55 | 2.7% |
| 55 | 3.7% | 55/60 | 3.2% |
| 60 | 3.9% | 60/65 | 3.7% |
| 65 | 4.2% | 65/70 | 4.0% |
| 70 | 4.7% | 70/75 | 4.3% |
| 75 | 5.4% | 75/80 | 4.9% |
| 80 | 6.5% | 80/85 | 5.8% |
| 85 | 7.6% | 85/90 | 7.1% |
| 90+ | 8.6% | 90/90 | 8.2% |

### Maximum Deferred Gift Annuity Rates*

| Present Age | Age When Payment Starts | Annual Payout Rate |
|---|---|---|
| 50 | 65 | 6.6% |
| 50 | 70 | 8.4% |
| 55 | 65 | 5.6% |
| 55 | 70 | 7.2% |
| 60 | 65 | 4.8% |
| 60 | 75 | 8.1% |

***These rates are suggested by the American Council on Gift Annuities. Deferred rates may vary depending upon the date of birth of the donor and time of the gift. These rates are also subject to change as suggested by the ACGA.***

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