

# The FAITHFUL STEWARD

Information on Taxes, Estate Planning and Charitable Giving sponsored by St. Giles Parish

## Gift Annuities: Sharing Christ's Gifts with Others

The charitable gift annuity stands out as a way to assist St. Giles Parish while preserving your financial security. The Archdiocese will pay a fixed income for life, to one or two recipients that you select, from gifts of securities or cash. The rates of return on gift annuities can climb as high as 8 or even 9% depending on the age of the income recipients! The Office of Planned Giving at the Archdiocese would be pleased to provide you with a customized illustration of how a gift annuity would work, based on the ages of the income recipients and other information. Why are charitable gift annuities so popular? People who are looking for alternatives to stock market volatility or low CD and money market rates may find charitable gift annuities especially attractive. Retirees often are interested in having an "income they cannot outlive." Gift annuities offer a safe way to "dip into principal" and improve one's living standards. Note, too, that gift annuities provide tax deductions of 30 to 50% of the amount you transfer, and that part of your payments will be tax free or taxed at low capital gains rates.

Gift annuities are wonderful in retirement, but they also can be used to provide income for an aging friend or relative, or established in a will to assist both family members and your parish.

Deferred payment gift annuities enable baby boomers to rebuild retirement savings that diminished during the stock market decline after 2007. Deferred annuities also produce significant deductions that can be helpful in a year of high income, including the year you convert to a Roth IRA. Here's an example:

Roseanne plans to convert \$25,000 from her traditional IRA into a Roth IRA. She'll be taxed on that \$25,000 unless she can somehow come up with additional itemized deductions. Roseanne might transfer \$60,000 from her money market account for a deferred payment gift annuity. The gift annuity would begin paying Roseanne 8.6% a year at age 70, but she also receives an immediate income tax deduction of about \$25,000 (assuming she's age 60) that erases her Roth IRA conversion tax. After five years, all withdrawals from her Roth IRA will be tax exempt, and a portion of her future gift annuity payments will be tax free, as well.

If you are interested in the many benefits of arranging a gift annuity, please call Rich Goode at (312) 534-7848, or e-mail [rgoode@archchicago.org](mailto:rgoode@archchicago.org).

## Christ Will Give You Life



*Do not work for the food that perishes but for the food that endures for eternal life.*

*John 6:27a*