



WHAT IS A CHARITABLE GIFT ANNUITY



Simply stated, a charitable gift annuity is an agreement or contract (not a trust) between you and The United Methodist Stewardship Foundation of Central Pennsylvania in which you transfer cash or securities in return for a guaranteed fixed sum of money (payments) for a period measured only by one or two lives (not a term of years).

These annuity payments may be made to you or any other beneficiaries you designate, and are backed by The Foundation's entire assets, not just by the property contributed. It is also an excellent opportunity for you to benefit others through your favorite outreach ministry.

A gift annuity agreement can serve two purposes for you - it can benefit you with an assured life income and it can help others.



HOW DOES IT WORK



Cash, mutual funds, stocks, or bonds may be used to purchase a charitable gift annuity with The Stewardship Foundation.

When you enter into a gift annuity agreement, your gift will be invested and you will receive a percentage of this investment in the form of fixed, guaranteed income payments. The amount of these payments is set at the time you enter into your annuity agreement and is based on your age, amount of your gift, and percentage rates pre-set by The Stewardship Foundation.

Payments can be mailed to you from The Stewardship Foundation or directly deposited into your checking or savings account. At your death, the remainder will be turned directly over to the ministry you have designated as the final beneficiary.

A WORD ABOUT YOUR PAYMENTS

GUARANTEED - Your fixed payment is guaranteed. The amount you receive is set at the time you enter into your gift annuity and will continue for the remainder of your life. Regardless of the changes in the economy or fluctuations in interest rates, you will always receive that steady fixed payment.

TAX BENEFITS - If you itemize, a gift annuity entitles you to a charitable contribution deduction on your current federal income tax return.

Payments from your gift annuity are partially tax-free as a result of tax laws which encourage gifts to church and charitable causes.

If you purchase your gift annuity with low-yielding stocks, you will be able to increase your income since gift annuities usually pay more than these low-yielding stocks.

You are able to spread realized capital gains over your life expectancy when you exchange appreciated assets for your gift annuity.

PAYMENTS - You may receive your payments on a monthly, quarterly, semi-annual, or annual basis. Again, payments can be mailed directly to you or deposited to your checking or savings account.

TYPES OF GIFT ANNUITIES

SINGLE LIFE - This type of gift annuity will pay for one life. The amount of the payment is determined by the age of the annuitant and the amount of the gift.

JOINT AND SURVIVOR - This type of gift annuity is designed to cover two lives. The payments are paid jointly to two people until the death of one, and then are paid to the survivor for the remainder of his or her life.

SURVIVORSHIP - Payments are not given jointly in this form of gift annuity. Instead, payments are sent to the first annuitant for life and then to the survivor for life.

THROUGH YOUR WILL -

You may give a gift annuity through your will. This is an excellent opportunity to give a gift that assures a lifetime income for your chosen beneficiary.

If you give a gift annuity through your will, you will not only assure your beneficiary of a lifetime guaranteed income, but you will also spare your beneficiary the burden of managing a direct bequest.

The payments to be received will be based upon the beneficiary's age at the time of your death and will continue for the remainder of his/her life.

A SUMMARY OF YOUR BENEFITS

You will receive regular payments for the remainder of your life.

You forego the worries that other investments can bring. Your payment from the gift annuity is guaranteed for the remainder of your life or your beneficiary's life.

You receive major tax benefits

- ◆ If you itemize, you receive a charitable contribution deduction on your current federal income tax return.
- ◆ Capital gains tax advantages
- ◆ Annual payments which are largely tax-free

You receive payments that do not penalize you for your age. The older you are, the higher your income payments.

You gain a sense of satisfaction in knowing that you are helping others.

NOTE: With a deferred payment gift annuity, the annuitant(s) start(s) receiving payments at a future time, the date chosen by the donor, which must be MORE than one year after the date of the contribution. As with immediate gift annuities, payments can be made monthly, quarterly, semi-annually or annually.