

*“Each one, as a good manager of God’s different gifts, must use for the good of others the special gift he has received from God”
(1 Peter 4:10)*

The examples and information in this brochure are for illustrative and educational purposes only and should not be considered tax or legal advice. Please consult with your tax and/or legal advisors about proceeding with your estate plan.

For more information, call or write:

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*Giving a Legacy of Faith--
A Gift to Nurture the Catholic Faith*

Deferred Payment Charitable Gift Annuity



*Giving A Legacy of Faith –
A Gift to Nurture the
Catholic Church in
Northwest Minnesota*

You can help the Ministries of the Catholic Church and receive lifetime payments when you retire...

You may be familiar with the benefits of a Charitable Gift Annuity: making a charitable gift to the Catholic Community Foundation, and in return receiving a guaranteed lifetime payment. (If you do not need additional income now, payments may be deferred.)

A Deferred Payment Charitable Gift Annuity allows those in their peak income years to make a gift now (and obtain a charitable income tax deduction in the year of the gift) while deferring guaranteed annual lifetime payments to a future date. Through this one gift, you can receive *both* current and future benefits.

Advantage of a Deferred Payment Charitable Gift Annuity...

- † You provide a gift to the ministry of your choice.
- † Because your payments are deferred, your immediate charitable income tax deduction (if you itemize deductions) will be larger than through a typical Charitable Gift Annuity. The longer the payments are deferred, the larger the charitable deduction will be.
- † Your payout rate will be higher once payments begin. (Both charitable deduction and tax-free income may vary slightly).
- † You receive guaranteed annual lifetime payments to begin at a time you choose. Generally, you will benefit from being in a lower income tax bracket when you begin to receive your annual payments.
- † Your gift will increase your overall retirement package. In addition, you can add to that package every year with a new Deferred Payment Charitable Gift Annuity.

Giving to the Ministries of Your Choice

You may choose any ministry to receive the charitable remainder of your gift. Ministries include: your parish, parish school, Newman Ministry, youth ministry, education of seminarians, and priests' retirement or other ministries special to you. Gifts of certain amounts may establish an endowment to benefit specific ministries indefinitely.

Giving through a Deferred Payment Charitable Gift Annuity

Your Deferred Payment Charitable Gift Annuity can be made with gifts of cash, long-term appreciated stocks, bonds, mutual funds or incentive cash bonuses. When funding such a gift with long-term appreciated assets, part of the capital gains tax is bypassed; the rest is pro-rated over your life expectancy.

Using Deferred Payment Charitable Gift Annuities as Part of Retirement Planning

Unlike most qualified retirement plans and IRA's that have contribution limits, the Deferred Payment Charitable Gift Annuity allows you to contribute an unlimited amount as often as you like. The minimum gift is \$10,000. Each gift creates a new annuity.

You may like the idea of a current charitable deduction while supplementing your retirement income but cannot make one large gift. One option is to make gifts of a smaller amount for several years. In this way you can fund multiple Deferred Payment Charitable Gift Annuities that all begin payments in the same year.

*How does a Deferred Payment Charitable Gift Annuity work?**

Sam and Mary are 55 and 53, respectively. They are at the peak of their careers. Although they want to make a significant gift to their favorite ministry, they don't need additional income now but may when they retire. Sam and Mary decide to gift their appreciated stock, which has a current value of \$9,500 with a cost basis of \$4,000 for a Deferred Payment Charitable Gift Annuity. Their 10-year deferral will provide an immediate charitable tax deduction of \$2,236, (based on government rates of March, 2002). When they begin receiving their quarterly payments in 2012, their annuity rate will be 10.9% or \$1,036 annually. They will receive this payment for the remainder of each of their lives.

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