

## THE GIFT ANNUITY

Many people hesitate to make a larger gift to (*Full Name of Charity*) because they cannot afford to surrender an income-producing asset. Loss of income is a particular concern when interest rates on savings are low. Many individuals with guaranteed investment certificates (GIC's) and other fixed-income investments have seen their income decline, and dare not reduce it further by contributing any of their capital. For them, the gift annuity is a way to support (*Charity*) while maintaining, *often even increasing*, the amount they have to spend.

**Q: What is a gift annuity?**

**A:** A gift annuity is an arrangement under which you make a contribution to a charity and receive, in turn, guaranteed payments for life.

When the contribution is made to (*Charity*), we will retain a portion of your contribution either for present use or to build a future endowment. The balance will be held in trust on your behalf, through a licensed insurance company. The annuity pays a guaranteed amount. The payments can be made to you on a monthly, quarterly, semi-annual or annual basis.

**Q: Can the payments continue to a surviving spouse?**

**A:** Yes, the annuity can be written so that payments are made to you if you are living. If you die first, your spouse will receive the full amount without interruption.

**Q: Can my payments be subject to change?**

**A:** Your payments will remain constant throughout your lifetime, unaffected by changes in the economy or interest rates.

**Q: How large will my annuity payments be?**

**A:** The amount of your payments depends on your age, the amount you contribute, and the annuity rates in effect at the time of your gift. Below are some representative rates currently in effect for individual and joint-life annuities. (For a complete schedule of rates, please call the office listed in this brochure.)

*[Note to charity: These are the current CAGP recommended rates in 2003. Update or substitute as necessary.]*

Age	ONE LIFE		Ages	TWO LIVES
	Rate of Return			Rate of Return
	Female	Male		
65	5.9%	6.3%	65,65	5.3%
70	6.5%	6.9%	70,70	5.8%
75	7.4%	7.8%	75,75	6.4%
80	8.8%	9.2%	80,80	7.5%
85	10.5%	10.9%	85,85	8.9%

**Q: What are the tax benefits of a gift annuity?**

**A:** There are two possible benefits. All or a major portion of your annuity payments will be tax-free. The tax free percentage will depend on your age and sex, but for older donors, the payments will be *entirely* tax-free. Under recent changes in Federal legislation, all donors are now entitled to a donation receipt, which can reduce income taxes significantly in the year of the gift. (The amount of the donation receipt you may use in any given year is limited to 75 percent of your income, but the excess may be carried forward for up to five years beyond the year of the gift.)

Consider these examples:

Harold and Anita R, ages 79 and 75, contribute \$50,000 to (**Charity**) for a gift annuity. They receive an annual income of \$3,504 as long as either of them lives. Of this amount, \$2,825 is received tax-free.

For a contribution of \$25,000, Morton B, age 74, receives an annuity of \$1,000 per year, 84.1% tax-free, and a donation receipt for \$6,250 which will reduce his income taxes in the year of the gift.

For a contribution of \$10,000, Rose D, age 73, receives a lifetime annuity of \$800 per year, 82.2% tax-free, and a donation receipt for \$2,500.

**Q: Can I rescind my gift annuity when I want?**  
**A:** Yes, you can rescind your gift annuity during a ten-day "cooling off" period during which you can rescind the gift. After that, the principal cannot be returned. The tax benefits are allowed only when the gift is irrevocable. You should always retain enough assets to meet your anticipated needs.

**Q: How do I go about arranging for a gift annuity?**

**A:** Just let us know you're interested! A representative of (**Charity**) will be happy to meet with you to show you exactly what the annuity rate and tax benefits would be in your situation, and to answer any questions you may have. We encourage you to review that information with your own financial advisor. When you're ready to proceed, you and our representative will both sign a Deed of Agreement and you will make your contribution. (**Charity**) will then purchase from a life insurance company an annuity paying the stipulated amount. Your payments would begin contracted, and be deposited automatically in your bank account.

**THE GIFT ANNUITY --**

*You can be prudent about your own income needs and also have the joy of making the gift you've wanted to make!*

*Full Name of Charity  
 Street  
 City, Province, Postal Code  
 Telephone*

*The purpose of this publication is to provide general information, not to render legal advice. In addition any changes in the tax structure may affect the examples listed in this information. You should consult your own lawyer or other professional advisor about the applicability to your situation.*