



Investor Update



FOR EVERYTHING THERE IS A SEASON...

The Charitable Gift Annuity is a gift arrangement whose time has come. It works like this: a donor makes a gift of cash or appreciated assets in exchange for a contract that promises to pay the donor's lifetime income. The payout rate is based on age. For instance, the payout rate for a 75 year-old donor would be 7.1%, while an 80 year-old would receive a payout rate of 8.0%! Additionally, the donor receives a tax-deduction at the time of the gift. After the donor's death, the proceeds will be transferred to an endowment, income to be distributed in perpetuity for the benefit of his/her local church or some other United Methodist organization.

The current interest rate environment has made gift annuities the gift strategy of choice for many donors and institutions. To illustrate why gift annuities are so popular we will review two hypothetical situations. Meet Edith Bunker, age 75, who lives on a small pension and investments. Most of her investments consist of Certificates of Deposit (CD). When rates were at 7%, she had enough income to travel and to make charitable gifts. Since rates declined significantly, she now receives 2% on her CD's, cutting her income to less than half. Needless to say, her lifestyle has changed. She has a \$10,000 CD renewing, and she wants to do something for her local church. Edith decides to establish a \$10,000 gift annuity with the Foundation for the benefit of her church. By making her gift now rather than making a bequest, she will receive:

- ❖ a tax-deduction of \$4,081
- ❖ a \$710 annual income for life (7.1%)
- ❖ \$477.12 of this income tax-free, for 13 years.

In our second example, Peter and Joyce Dunnwell, ages 76 and 75, have a substantial stock portfolio. True Blue Corp. stock that they purchased several years ago for \$20,000 has grown to \$100,000. They are thinking of including the church in their will, and their financial advisor suggests that making the gift now will help them with their taxes. Another factor in their case is how will they fund the purchase of long-term care insur-

ance that costs \$6,336 per year. The Dunnwells considered the following in making their decision to establish a \$100,000 gift annuity with the Foundation. They will:

- ❖ avoid an upfront capital gains tax of \$15,000
- ❖ receive a tax-deduction of \$32,190
- ❖ receive a \$6,400 annual income for life (6.4%)
- ❖ have \$846 of this income tax-free for the next 17 years
- ❖ be able to fund the long-term care policy that will protect their estate by making a gift to their church now.

“For everything there is a season...” Now is the time to promote giving through gift annuities. To receive your free *Gift Annuity Information Kit*, contact Gary Melville at 800-595-4347 X103, e-mail gary@umfne.org or fax toll free 866-231-5921.

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FOUNDATION UPDATE:



*NEW
Phone
System
Extension
Numbers*

The Foundation is now operating with an automated phone answering system. New extension numbers have been assigned to our staff. The following information is designed to help you determine who to contact.

PLEASE NOTE: Knowing who you want to contact will expedite your call as you may dial their extension *at any time* during the automated message.

- Ext: 100 - Leanne Mentzer** - new loans, church accounts or general information
- Ext: 103 - Gary Melville** - stewardship, planned giving, and endowment policies
- Ext: 106 - Pam Goodwin** - quarterly statements
- Ext: 101 - Judy Vining** - existing loans or stock transfers
- Ext: 105 - Ann-Marie Miller** - general accounting information
- Ext: 104 - Wee-Li Tan, President**
- Ext: 102 - Chris McGuire** - web site, publications, brochures & newsletters
- Ext: 107 - Ed Auler** - IT systems and maintenance

If you have any further questions, please contact us at 800-595-4347.