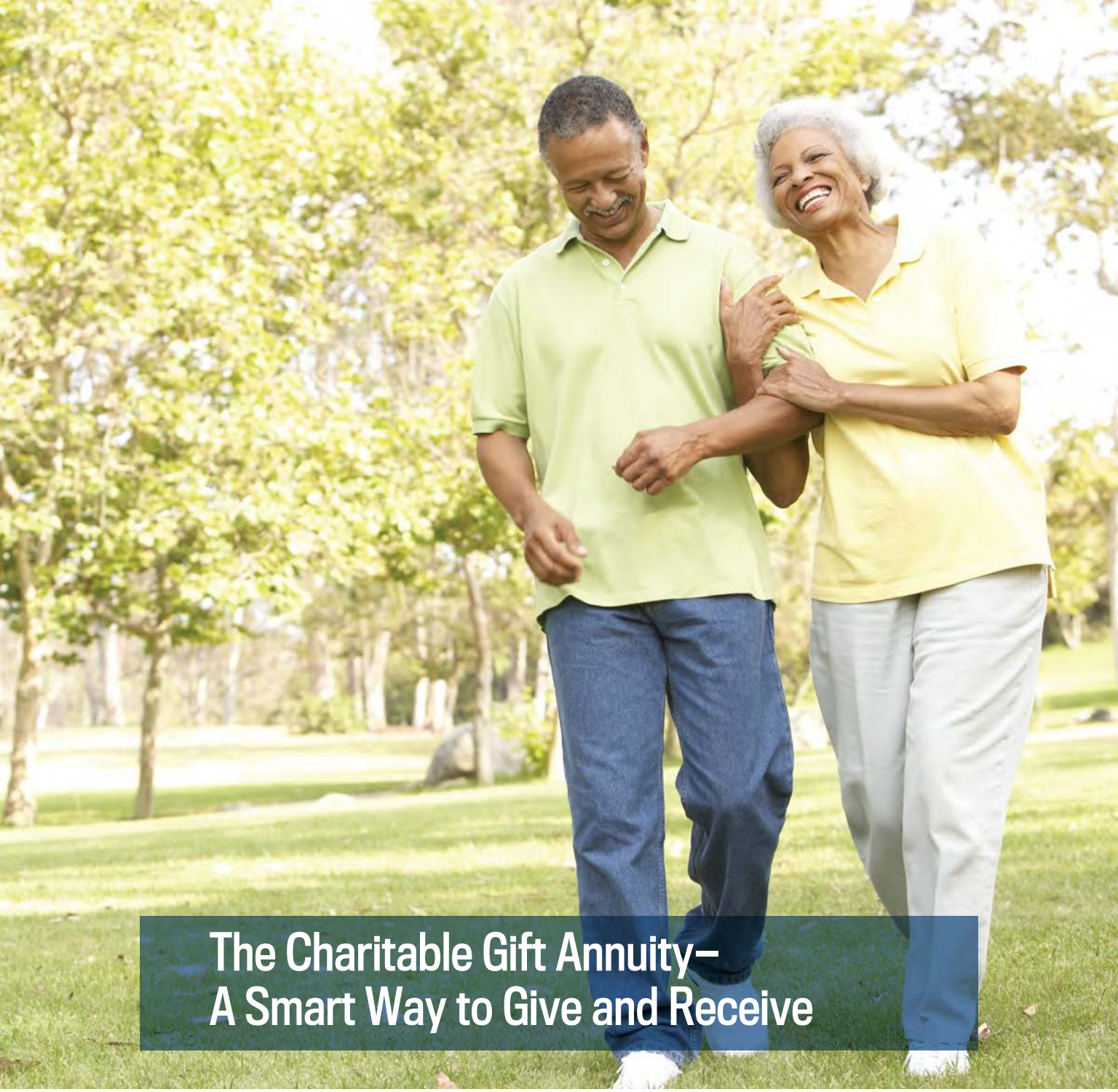

The Charitable Gift Annuity– A Smart Way to Give and Receive

Where Local Good Grows

Hendricks County Community Foundation

More Attractive Than Ever

Many individuals make tax-wise gifts that benefit our programs today and provide them with payments for life. If this sounds intriguing, now may be an ideal time to explore the advantages our gift annuity program offers—immediate tax savings, a favorably taxed payout, and the satisfaction of making a meaningful impact with your gift.

A Gift Annuity in Action

Let's begin by looking at an example. Barbara is 75. Her husband, Harold, was a long-time supporter up until his death three years ago. Now, Barbara's primary goal is to ensure her own financial security. She would like to make a gift to us in her husband's memory, but she is hesitant to give away assets she might need later.

When Barbara learned that she could transfer cash or appreciated stock to us and receive dependable—and favorably taxed—fixed payments for as long as she lives, she wanted to know more. She learned that she could deduct a portion of the gift on her income tax return if she itemizes. It seemed the perfect way to memorialize her husband while protecting her own financial future. She was pleased to accomplish her most important personal, financial and philanthropic goals with one giving tool.

How a Gift Annuity Could Work for You

A gift annuity is a gift plan that can help you do more for yourself while making a meaningful impact on our work. In exchange for a gift of cash or securities, we agree to make fixed lifetime payments to you (and/or another beneficiary). In most cases, annuity payments are made on a quarterly basis, although other payment options are available.

Annuity payments are based on the age of the annuitant(s) at the time you make the gift. The table shows the percentage we will pay at typical ages. If, for example, you are 70 years old and make a gift of $100,000 to our program, we will agree to pay you $5,600 a year for as long as you live. If you are 80 years old, the payments will be $7,300 per year.

CHARITABLE GIFT ANNUITY INCOME PAYOUT RATES*

AGE	65	70	75	80	85	90
RATE	5.1%	5.6%	6.2%	7.3%	8.3%	9.5%

* Rates are subject to change. Please call our office for current rates, or the rate for your exact age.

The Tax Impact

Gift annuities save on taxes both now and later:

An immediate income tax deduction. Your gift qualifies for an itemized income tax charitable deduction, which is generally equal to the fair market value of the property you transfer to us minus the present value of the annuity you will receive. Valuing the annuity depends on the number and age of the annuitants and the monthly applicable federal rate (AFR). We are happy to supply a free illustration for your specific circumstances.

Favorably taxed income payments. While a part of each annuity payment is taxable, the other portion will be free of income tax until you reach your life expectancy (as measured at the time you make the gift).

Important Benefits

To understand the many benefits a gift annuity provides, consider this example:

> Robert, age 70, transfers $100,000 in cash to our gift annuity program in exchange for a lifetime annuity of $5,600 a year. At his age, assuming a 3.6% AFR, he can deduct $41,854 on his income tax return. If he itemizes, his federal income tax bracket is 35%. That deduction will provide an immediate tax savings of about $14,648 ($41,854 x 0.35 = $14,648). Factoring in that tax savings, Robert's net outlay for the gift is only approximately $85,352. What's more, $3,752 of each $5,600 annual payout will be tax free to Robert until he reaches his life expectancy.

A Gift Annuity Is Flexible

A gift annuity is beneficial in part because it is flexible enough to meet your unique needs.

You choose the beneficiary. You can arrange a gift annuity for yourself, or establish a gift annuity that will be paid to both you and your spouse, or to other family members or loved ones—for life.

You choose the gift property. You can transfer cash or securities in exchange for a gift annuity. Funding your gift with appreciated securities can minimize capital gains taxes. Using assets that provide little or no income is another attractive option.

You can remove property from your estate. Property transferred in exchange for a gift annuity that makes payments to you generally will not be subject to estate tax at your death (unless you name someone else as a second beneficiary).

Find Out More

A gift annuity provides the opportunity to make a difference for yourself at the same time you're making a difference for others. Want more information about how you can benefit from a gift annuity? Simply request a no-obligation, personalized illustration that will spell out the potential tax and financial benefits associated with gifts you are thinking about making to our gift annuity program. We look forward to hearing from you.

OUR MISSION:

The Hendricks County Community Foundation partners with generous people to realize their charitable goals while addressing community needs in meaningful and lasting ways.

OUR VISION:

Hendricks County is a vibrant, giving community.

Where Local Good Grows

Hendricks County Community Foundation

William A. Rhodehamel
President & CEO

Hendricks County Community Foundation
6319 East U.S. Highway 36, Suite 211
Avon, IN 46123

317.268.6240
www.hendrickscountycf.org

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