

CHARITABLE GIFT ANNUITIES

Persons Who Might Benefit from a Gift Annuity are growing in today's rising interest rate environment, as a way to increase guaranteed lifetime income and benefit the church. Most gift annuity donors are retired, want to increase their cash flow, seek the security of guaranteed payments, and would like to save taxes. The minimum age to establish a charitable gift annuity with the Catholic Foundation of Northeast Kansas is 65. The minimum amount to start an annuity with CFNEK is \$25,000. The proceeds from your gift may benefit any Catholic parish, parochial school, high school or ministry within the Archdiocese of Kansas City in Kansas.

A charitable gift annuity through CFNEK could be right for you if:

- You want to leave a charitable gift to the church.
- You want more lifetime income from your investments.
- You need more reliable income from your CDs and other fixed-income investments.
- You have appreciated stock or mutual fund shares and have considered selling some of the shares and reinvesting the proceeds to generate more income, but you have hesitated because you don't want to pay tax on the capital gain.
- You would like to count on fixed payments, which are unaffected by interest rates and stock prices and which you cannot outlive.
- You want to assure continuation of payments to a surviving spouse without the delay of probate proceedings.
- You would like to provide financial assistance to an elderly parent, a sibling, or other person in a tax-advantaged manner.

Taxation of Gift Annuity Payments

If the gift annuity is funded with cash, part of the payments will be taxed as ordinary income and part will be tax-free. If funded with appreciated securities or real estate owned more than one year, and the donor is receiving the annuity payments, part of the payments will be taxed as ordinary income, part as capital gain, and part may be tax-free. CFNEK will send you a Form 1099-R to the annuitant. This form will specify how the payments should be reported for income tax purposes. For details regarding the taxation of gift annuity payments, it is wise to consult with a CFNEK representative as well as your accountant or financial advisor.

Income Tax Charitable Deduction

Taxpayers who itemize deductions can claim a charitable deduction for a portion of the original gift. This deduction can result in significant income tax savings. In short, the deduction is equal to the amount of the contribution less the present value of the payments that will be made to the donor and/or other beneficiary during life. The present value of those payments is determined using IRS tables regarding life expectancy and assumed earnings, and taking into consideration the amount contributed and the gift annuity rate.

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