

A Gift of a Lifetime

Advances in medicine during recent decades have led to improved health for many, and have helped assure the prospect of living fuller lives. As a result, more people now enjoy longer and more productive retirement years.

Thinking ahead

It is thus more important than ever to carefully plan for sources of income in retirement for yourself and your loved ones—sources that can withstand the test of time and provide for you for the rest of your life. Making charitable gifts can sometimes seem difficult in light of the need to plan for the future, especially in times of lower interest rates and other investment returns.

Accomplish multiple goals

Fortunately, there are ways to continue to make charitable gifts today while arranging for generous payments that will not decrease over time—and that will last throughout your retirement.

For many years, charitable gift annuities have proven to be a popular and reliable way for

charitably minded individuals to continue to give during their retirement years as they also preserve—or even enhance—their economic well-being.

Read on to learn how charitable gift annuities can help you meet income, money management, and tax planning goals while making a gift you may not have thought possible.

INSIDE THIS ISSUE

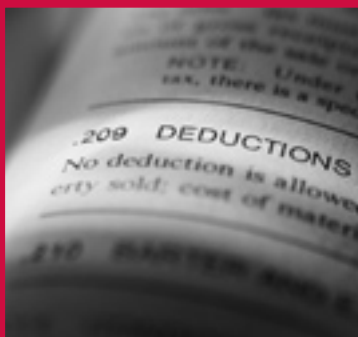
- Learn how gift annuities help your assets do “double duty”
- See what payment rate you or your loved ones would receive
- Discover the best property to use to fund your gift annuity
- Find out how to increase retirement income over time

Planning for the Future

By taking the time to carefully plan your gifts, you can make welcome contributions while you also:

- Create a source of regular payments in retirement years.
- Help support a parent, child, or another loved one.
- Increase cash flow from highly appreciated assets in a tax-wise manner.
- Minimize gift, estate, and income taxes.
- Reduce expense and delays of estate settlement.

How Gift Annuities Work for You



TAX SAVINGS HELP YOU GIVE MORE

- A portion of the amount contributed for a gift annuity is deductible for federal income tax purposes.
- There can be additional income tax savings depending on your state of residence.
- Capital gains tax can be avoided or delayed when property that has increased in value is used to fund a gift annuity.
- Gift annuity payments can be taxed more favorably than many other sources of income.
- Assets used to fund gift annuities are typically removed from your taxable estate.
- Gift or capital gains tax considerations may arise in some cases where a gift annuity is created for someone other than a spouse.

Gift annuities are a simple and convenient way to make a gift. Under the terms of a gift annuity, you make a gift of cash or other appropriate assets in a way that allows you to retain payments for the remainder of your lifetime. If desired, you can also provide for payments that continue for the life of one other person or direct that the payments be made to one or two others you name.

How much are the payments?

Gift annuity payments vary according to the age of the annuitant (person who receives payments) at the time the annuity is funded. See the chart at right for examples of rates for one or two persons. The older you are when you fund your gift annuity, the higher your payments will be.

What stands behind the payments?

Under state law all of the available assets of the charitable recipient serve to back the annuity payments.

Enjoy tax savings

A generous charitable income tax deduction is allowed for the year your gift annuity is funded. Capital gains tax that would be due on the sale of assets used to fund an annuity will be partially avoided.

Gift Annuity Payment Rates

<i>Selected Rates for One Person</i>		<i>Selected Rates for Two Persons of the Same Age</i>	
Age	Rate	Ages	Rate
65	6.0%	65/65	5.6%
70	6.5	70/70	5.9
75	7.1	75/75	6.3
80	8.0	80/80	6.9
85	9.5	85/85	7.9
90+	11.3	90/90	9.3

Please write for current benefits and rates for other ages.

Rates suggested here are subject to change. For illustrative purposes only.

The remainder is typically reported over the donor/annuitant's life expectancy.

Additional benefits

Under the terms of federal tax legislation enacted in 2001, it will be a number of years before many estates are exempted from estate tax. A gift annuity can be an excellent way to enjoy income tax savings today while assuring that the amounts used to fund the annuity will never be subject to estate tax.

Giving for Maximum Income

To receive the greatest possible benefit from a gift annuity, it is important to think carefully about the property used to make your gift. Consider the following assets as you decide what might offer the greatest opportunity for you:

- Cash or the proceeds from bonds, certificates of deposits, and other investments that may be providing less income in today's environment.
- Stocks, bonds, or mutual funds that have increased in value since you have owned them but yield little or no income. Because capital gains tax is not due at the time you fund a gift annuity for yourself and/or a spouse, this can be a good way to make a gift while increasing your spendable cash flow.
- Withdrawals from retirement plans you may be required to make. A gift annuity can offer a way to set aside more of such funds to provide future income, while reducing taxes that would otherwise be due today.

We will be pleased to talk with you and your advisors as you consider which asset might be best for you to use to fund a gift annuity.

Provide for Yourself and Others

You may create a gift annuity for your life only, your life and that of your spouse, or the life of one or two other persons. The following examples illustrate just a few of the possibilities.

Payments for one person

Martha, in her late seventies, decides to fund a gift annuity using \$25,000 in cash. At her age she receives payments from her gift annuity equal to 7.8% of the amount contributed. (See page 2 for examples of rates.) She is also entitled to an income tax deduction for approximately \$11,000, and for the first 10 years she will pay income tax on less than half of her payments.

Payments for two lives

George and Susan, age 70 and 72, decide to use stock that pays no dividends to fund an annuity that will continue payments for both of their lives. They are entitled to payments equal to 6.0% of the amount transferred as well as a generous tax deduction. In addition, the value of the annuity will be completely removed from their probate and taxable estate.

Income for other loved ones

Barbara decides to create a gift annuity that will make payments to her sister for the rest of her sister's life. Barbara will be entitled to an income tax deduction for a portion of the amount contributed. In addition, she enjoys the knowledge that her sister will receive payments that are backed by all of the assets of the charitable recipient.

Contact us for gift annuity rates for you and/or others of your choosing.



Build Income for the Future

The amount of your gift annuity payments will never change. But the rate for each new annuity will be higher at later ages. For this reason, some choose to create a new gift annuity each year as part of their retirement planning. In this way, they make meaningful gifts over time while enjoying increasingly higher amounts of steady income.



The Heritage Society at the University of Georgia was established to honor alumni and friends who have made documented bequests in their wills or other planned gifts in support of the University of Georgia. Among the many types of planned gifts are: bequests, life insurance policies, pooled income funds, charitable gift annuities, and charitable remainder trusts.

If you would like to become a member of the Heritage Society by including the University of Georgia in your financial or estate plans, the University's Gift Planning Officers will be happy to work with you and your advisors. Your gifts help ensure that the University of Georgia will continue its tradition of excellence well into the 21st century.

Journalist Couple Writes the Future With Planned and Present Gifts

Carolyn and Don Carter have been guided by such core values as fairness, balance, accuracy, and credibility over their long professional careers in journalism. They wanted to ensure that these same values would continue to be taught at their alma mater, the University of Georgia's Grady College of Journalism & Mass Communication.

Their first thought was to create a chair in journalism dedicated to the teaching of these values through a planned gift. After much discussion with Gift Planning staff at UGA and with their own advisors, they decided to make a gift of appreciated stock toward a charitable gift annuity. This would provide them an income for the remainder of their lives (while diminishing the effects of capital gain taxes) and then create an endowed fund which would support the chair in perpetuity.

Upon further reflection, Carolyn and Don decided they wanted to see this teaching position "up and running" now while they could actually observe the direction it was taking and the good it

could accomplish. They went the extra mile as alumni and as donors by making a substantial present gift which immediately created the Carolyn McKenzie and Don E. Carter Professorship of Excellence in Journalism.

Eventually, the planned gift will pour into this existing fund and the position will become a full academic chair.

The Carters understand that building a strong endowment is the only way to as-

sure the excellence we have all come to expect of the University of Georgia and its constituent units like the Grady College. Wise business people that they are, they know that this must be done through a combination of gifts in the here-and-now *and* through planned gifts.

If you would like to follow the example of the Carters and support the University of Georgia—or some constituent part of it—through a planned gift such as will/bequest, gift annuity or remainder trust, please contact Keith Oelke at (706) 542-8179, e-mail koelke@uga.edu, or Bill Herringdine at (706) 542-8138, e-mail bherring@uga.edu.



Carolyn and Don Carter