



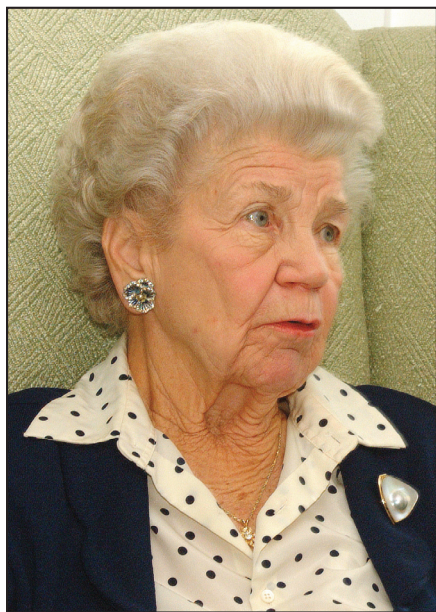
Perspectives on Planning

LASELL COLLEGE HERITAGE SOCIETY SPRING 2008

Information on financial and estate planning for alumni and friends of Lasell College —
Where the Classroom Is the Real World

The Charitable Gift Annuity: Benefit from Your Generosity

Charitable giving doesn't have to be a one-way proposition. It is possible to make a charitable gift and actually have an income



“Lasell was the beginning of my life, and I've always stayed connected. I am pleased to have been able to fund four charitable gift annuities, which help the College while giving me income and a tax benefit. It is a vehicle that works both ways.”

—Adelaide Shaffer Van Winkle '36/H'96
Lasell College Trustee

stream flow back to you—all while generating valuable income-tax benefits.


Numerous charitable strategies allow you to realize such benefits. One of the oldest—and one of the most popular—is the charitable gift annuity. The rates for gift annuities are generally higher when compared with fixed investments such as certificates of deposit. This is good news for those who want to make an important charitable gift but who need to retain cash flow based on the value of donated assets.

In this issue of *Perspectives on Planning*, we explore in the informative question-and-answer format how gift annuities work and some of the tremendous planning opportunities they present. Perhaps you will find that a charitable gift annuity is just the kind of charitable giving plan for you.

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MISSION

Lasell College integrates challenging coursework with practical experience in an environment that fosters lifelong intellectual exploration, active citizenship, and social responsibility.



What exactly is a charitable gift annuity?

At its heart, a gift annuity is simply a contract between a donor and a charity, such as Lasell College. In exchange for a gift of a specified amount, we agree to make specified annual payments for life to one or two beneficiaries (annuitants).

***Example:** Mary B, 65, makes a gift of \$50,000 to Lasell College. In return, we promise to pay Mary \$3,000 a year for as long as she lives.*

Are the funds I contribute for a gift annuity set aside and invested to secure my annual income payments?

Actually, the annuitant's security goes far beyond the specific funds contributed

for a gift annuity. Our obligation to make gift annuity payments is backed by all the assets of Lasell College, not just the amount contributed for any individual gift annuity.

How are the payout rates determined?

All charities are free to set the rates they offer, as long as the rates comply with any applicable state regulations. Generally, charities choose to follow the schedule of recommended maximum rates published by the American Council on Gift Annuities. These recommended rates change from time to time, based on a variety of economic factors. (Any changes would affect only newly issued annuities.) The following chart shows the most recent rates recommended for annuitants of various representative ages.



Commencement 2007: Presenting Lasell College's newest alumni.

I am married. Can income payments be made as long as either one of us is alive?

Absolutely. A gift annuity can be created to pay one or two annuitants for life. It can pay either the donor or the donor and his or her spouse jointly and then the survivor.

they are likely to live longer. Similarly, deductions are lower when there are two annuitants rather than one.

Note: The deduction is also affected slightly by both a federal discount rate that changes from month to month and the frequency of payouts. See chart for representative deductions.

How are the gift annuity payouts I receive taxed?

For tax purposes, a gift annuity contribution is treated as part gift and part purchase of an annuity. The gift portion is the amount deductible the year you create the gift annuity.

The balance is treated as the purchase price for the annuity. It is treated as a return of your original “investment” and comes back to you tax-free over your life expectancy.

Example: George N, 68, contributes \$40,000 for a charitable gift annuity. Each year he will get payments of \$2,520. Of that amount, \$1,492 is treated as a tax-free return of his “investment,” and the balance is treated as ordinary income. If George lives longer than his life expectancy of 17.5 years, all of his payments thereafter will be treated as ordinary income.

Sample Benefits of a \$10,000 Gift Annuity

AGE(S)	PAYOUT RATE	TOTAL ANNUAL INCOME	TAX-FREE PORTION	ALLOWABLE CHARITABLE DEDUCTION
One annuitant				
60	5.7%	\$570	\$303	\$2,707
65	6.0%	\$600	\$340	\$3,225
70	6.5%	\$650	\$397	\$3,686
75	7.1%	\$710	\$466	\$4,226
80	8.0%	\$800	\$558	\$4,750
85	9.5%	\$950	\$715	\$5,139
Two annuitants				
60-60	5.4%	\$540	\$279	\$1,742
65-65	5.6%	\$560	\$311	\$2,257
70-70	5.9%	\$590	\$351	\$2,800
75-75	6.3%	\$630	\$403	\$3,400
80-80	6.9%	\$690	\$472	\$4,009
85-85	7.9%	\$790	\$577	\$4,515

Calculations are based on quarterly payout.

You can also create a gift annuity with income to someone other than a spouse. Doing so, however, may have gift-tax consequences.

How is my charitable tax deduction determined?

The charitable deduction is equal to the difference between the amount of the contribution and the value of payments to the annuitant(s). Deductions are lower for younger people since



Can I give stock instead?

Most definitely. If you own stock for more than 12 months, any gain you realize on its sale would be subject to capital-gain tax at rates up to 15%.

On the other hand, if you use appreciated stock to fund a gift annuity and retain annual payments for yourself, only a portion of the gain would be taxable—and recognizable in equal amounts over your life expectancy.

If you designate someone other than yourself to receive the annual income, the amount of gain you must recognize is still reduced if compared to a sale, but you must recognize all of it in the year you create the gift annuity.

I don't want or need any additional income right now. Can I make a current gift and delay receiving the income?

The answer is “Yes!” on both counts. This is known as a “deferred” charitable gift annuity. You can make a gift now and designate the time in the future when income payments are to begin.

Advantages: The total annual amount of the income payments that will be made when payment starts goes up substantially, and

the amount of the charitable income-tax deduction is much higher than that for an immediate-payment annuity.

Example: Susan W, 50, a successful professional, decides to contribute \$50,000 for a deferred gift annuity that will begin paying her when she retires at 65. Her gift generates a charitable income-tax deduction of \$17,390, and Susan will receive income of \$6,400 each year beginning at the age of 65.

If she had made her gift in exchange for an immediate annuity, her deduction would have been \$8,799 and her annual income would have been \$2,650.

How do returns on gift annuities compare with returns on regular investments?

It is important to remember that a charitable gift annuity is a charitable giving plan. It is not an investment. However, if annual net spendable cash flow is a major objective for you, a charitable gift annuity compares quite favorably with regular investments.

Our obligation to make gift annuity payments is backed by all the assets of Lasell College.

Dear Alumni and Friends,

It is my pleasure to present the first issue of *Perspectives on Planning*, Lasell College's planned giving newsletter.

Our newsletters will provide information about financial and estate planning, as well as thoughtful charitable gift arrangements. Each issue will feature a different topic and include a reply card that you can return to request further information.

In this issue we feature gift annuities, an excellent method of ensuring lifetime income for you and/or a beneficiary, supplementing retirement savings, and making a gift to support educational excellence at Lasell College. Trustee Adelaide Shaffer Van Winkle '36/H '96, featured on the front of this

newsletter, as well as many other alumni and Lasell Village residents have found that a gift annuity is the perfect way to help themselves and Lasell. Perhaps such a planned gift would work for you too.

To assist in your planning and as part of Lasell's mission to educate, we would like you to have a copy of our free booklet, ***The Charitable Gift Annuity: Guaranteed Payments for Life***. To request your copy, simply return the enclosed card or call our office.

In addition, I invite you to contact me if I can provide examples or options (without obligation, of course) for your particular situation.



Please remember that I am available to assist in your planning and welcome the opportunity to help. I look forward to hearing from you.

Cordially,

A handwritten signature in black ink that reads "Katharine Urner-Jones". The signature is written in a cursive, flowing style.

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*Call our office or
return the enclosed
card to request a copy
of our complimentary
booklet, **The
Charitable Gift
Annuity: Guaranteed
Payments for Life.***

MORE QUESTIONS? We're here to help.

Charitable gift annuities can offer you many benefits, as we have discussed. Now is an especially favorable time to fund a gift annuity because the payout rates for charitable gift annuities will drop effective **July 1, 2008**. You can secure more income for life by making your gift by June 30, 2008. Please contact our office to learn how much income your gift could generate! We would be happy to provide a personalized illustration of the tax and financial benefits you would receive.

We would also like to send you a complimentary copy of our booklet, ***The Charitable Gift Annuity: Guaranteed Payments for Life***. To receive your copy, just return the enclosed card or contact Katharine Urner-Jones '83 at (617) 243-2223 or kurnerjones@lasell.edu.

The Charitable Gift
Annuity: Guaranteed
Payments for Life



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You should consult your attorney about how the matters that we have described may affect your situation, and you should consult your financial advisors about any significant investments you are considering.

