



FOCUS[®]
ON
THE FAMILY

Gift & Estate Planning

Gift Annuity Program

Stewarding the Giver **and** The Gift™ >>

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What is a charitable gift annuity?

A charitable gift annuity (CGA) is a way both to support the ministry of Focus on the Family and receive regular, fixed payments for life. As a simple contract between you and Focus, a CGA allows you to combine three wonderful concepts: a generous charitable contribution, a guaranteed lifetime income source, and favorable tax benefits. In exchange for an irrevocable gift of cash or securities Focus agrees to pay one or two annuitants a regular, fixed payment for life. Annuities can be funded with a gift of \$5,000 or greater and can begin paying out any time after the youngest annuitant has reached the age of 50.

What benefits can I expect?

- **A fixed payment stream for life:** You and/or someone you love can receive regular payments for the rest of your life.
- **A favorable payout rate:** Annuity payout rates are very attractive, especially when compared with conventional savings plans such as money market accounts and certificates of deposit.
- **Tax savings:** A gift annuity provides significant tax savings right from the start. You receive an immediate income tax deduction in the year you enroll in the program. Plus a significant portion of each income payment may be tax-free. In addition, if you fund your annuity with an appreciated asset, your capital gain tax will be reduced.
- **Flexibility:** You decide how you will receive your annuity payments and when they will begin.
- **Security:** Your gift investment is backed and professionally managed by Focus on the Family. Our reserve account is audited annually to ensure that it exceeds the required reserves.
- **Personal satisfaction:** You enroll knowing you are being a responsible steward of the resources God has entrusted to you.

Who can benefit most from a gift annuity?

A gift annuity is most appropriate for people who want a steady, secured stream of income for the rest of their lives and who also desire to give a gift. It's an ideal alternative for those who know they are going to make a gift at the end of their lives anyway. A gift annuity allows you to accomplish these goals while realizing added tax advantages.

What kinds of gift annuities are available?

The Focus on the Family Gift Annuity Program offers you several different plans depending upon your personal needs and objectives:

- **Immediate:** Payments begin within one year.
- **Deferred:** You select a date in the future (greater than one year) when you would like payments to begin. The longer you delay your payment start date, the higher the payout rate will be.
- **Flexible:** A Flexible Deferred Payment Gift Annuity means that you do *not* have to choose a definite payment starting date at the time you set up your gift annuity. Instead, you select a 15-year window during which you can choose, at a later date, to begin receiving payments. The older you are when the payments start, the larger the payments will be.

What payout rate can I expect?

Payout rates depend on several factors. These include:

- **Current rates:** CGA rates can fluctuate from year to year due to changing market and economic conditions. Because of this, your payout rate can be higher or lower depending upon the time that your annuity is funded.
Note: Your payment amount and rate (or rate range in the case of a flexible CGA) is fixed and will not change once your annuity has been established.
- **Your age when payments begin:** The older you are when you begin to receive payments, the higher the payout rate.
- **Number of annuitants:** Payout rates are higher for a single-life annuity because it's assumed a two-life annuity will pay out over a longer period of time.

To inquire about current rates, give us a call or visit our website at FocusGiftPlanning.com

Will my payout rate ever change?

No, your rate is locked in upon the creation of the annuity and will not change regardless of what the stock market or interest rates are doing.

How much of my contribution is tax deductible?

You may claim an immediate income tax deduction for the charitable portion of your gift annuity. This is determined, and may be claimed in, the year the gift is made.

Will I be taxed on the income from the gift annuity?

Yes, a portion of the payout is taxed as ordinary income. However, a significant amount of each payment is typically tax-free, especially in the case of immediate gift annuities.

Can I fund a gift annuity with other assets, such as stocks or mutual funds?

Yes, and if the asset has appreciated, any tax on your gain will be reduced, because you will not be taxed on the portion of the asset that is considered a gift. In addition, the reporting of any gain may be spread out over a number of years providing you with even greater tax advantages.

Are there any drawbacks to a gift annuity?

One important consideration is that a gift annuity, like any other charitable contribution, is irrevocable. Your gift can never be returned. Federal tax law makes this requirement in exchange for the significant tax benefits received. Because of this, you should be confident that the assets used to fund your annuity will not be needed for current or future expenses. As with any planning option, we recommend you seek professional counsel regarding how a charitable gift annuity would impact your financial situation.

Can I make the gift now but request that the income be paid to me at a later date?

Yes, this is called a deferred gift annuity. You can make the gift now and receive the tax deduction immediately but defer receiving payments until later. This is an excellent option for people who want to supplement other retirement income sources.

Can you give me a real-life example of how a gift annuity works?

Jane Smith is 75 years old, retired, and concerned about the decline in her income as a result of lower interest rates on her fixed-income investments (CD's, bonds and money market funds). She inquired about a gift annuity with Focus on the Family and learned that a person her age could receive a payout rate of 5.8%. She was pleased to learn that by funding a CGA for \$25,000, she could receive the following benefits:

- Annual Income: \$1,450
 - ⊙ Tax-free portion: \$1,107
 - ⊙ Taxable portion: \$342
- Immediate tax deduction: \$11,257
- Estate tax and probate savings
- Complete a charitable donation furthering the vital ministry of Focus on the Family

Can you tell me exactly how a gift annuity will work in my case?

To receive a free, no-obligation analysis of how a gift annuity can benefit both you and Focus on the Family, all you need to do is contact us at (800) 782-8227, or you can email us directly at FocusGiftPlanning@fotf.org to request a personal follow-up call. You will find our process quick and easy as we collect the required information needed to support a personalized proposal for your review and consideration. For additional information, you can also visit our website at FocusGiftPlanning.com.

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Notice to residents of California: Annuities are subject to regulation by the State of California. Payments under this Agreement, however, are not protected or otherwise guaranteed by any government agency or the California Life and Health Insurance Guarantee Association. In addition, to the extent an amendment does not conflict with federal law, the Annuity Agreement may be amended by mutual agreement of the parties solely for the purpose of compliance with state law, with such amendment subject to approval of the Insurance Commissioner of the State of California.

Notice to residents of Oklahoma: A charitable gift annuity is not regulated by the Oklahoma Insurance Department and is not protected by a guaranty association affiliated with the Oklahoma Insurance Department.

Notice to residents of Pennsylvania: To obtain audited financial statements showing that FOF, as a Pennsylvania "qualified charity," has unrestricted and unencumbered assets in the form of cash, cash equivalents or publicly-traded securities of at least \$100,000 plus one-half of the principal value of any annuities issued by FOF, the Donor may contact 8605 Explorer Drive, Colorado Springs, CO 80920, 719-548-5839.

Notice to residents of South Dakota: Charitable gift annuities are not regulated by and are not under the jurisdiction of the South Dakota division of insurance.

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