

Charitable Gift Annuities

“We receive God’s gifts gratefully, cultivate them responsibly, share them lovingly in justice with others and return them with increase to the Lord.”

(The National Conference of Catholic Bishops Pastoral Letter: *Stewardship: A Disciple’s Response* 1992)

As disciples of our faith, we are called to be good stewards of the gifts God has entrusted to us. This includes gifts of time, talent and treasure. An attractive way for certain types of donors to return a portion of God’s gift of treasure, while also generating a financial return, is now easily available and simple to do.

A Charitable Gift Annuity allows a donor to make a charitable contribution while still retaining income for his or her life and for the life of a second individual (e.g., a spouse) if so desired. The donor receives a charitable deduction for part of the current value of the gift. An annuity payment is issued to the donor on a quarterly basis.

Charitable Gift Annuities allow individuals to make gifts directly to the diocese. However, the program is also flexible enough to allow donors to set up an annuity benefiting their parish, catholic school, or diocesan ministry. In this case, the donor participates in this program but designates that upon his or her death the remaining balance is disbursed to a specific parish, school or ministry. While the diocese oversees the administration of the annuity, the designated entity will ultimately benefit from the gift.

In any event a Charitable Gift Annuity is an excellent vehicle for donors who wish to make a significant contribution, receive a charitable deduction, and retain income for life.

GIFT ANNUITY FOR ONE PERSON

Under the terms of a single life Charitable Gift Annuity agreement, a donor gives money or other marketable securities and receives annuity payments for his or her lifetime.

- ◆ Example: Harriet Smith, 68, gives \$10,000 for a Gift Annuity. Each year she receives annuity payments equal to 6.5% of \$10,000 for life. Beginning on the first payment date after entering into the agreement, she will receive four annuity payments each year (totaling \$650) for the rest of her life, regardless of how long she lives. A portion of each annuity payment is free of federal income tax for a period of years.

FOR TWO PEOPLE

For a two-life Charitable Gift Annuity, a person receives specified payments for life, and after his or her death, the annuity payments will continue for the life of another person.

- ◆ Example: James Anderson, 70, funds a Charitable Gift Annuity with \$10,000. He wants payments to be made to him for life, and following his death, to his wife, Amanda, 65, for the rest of her life. Annual annuity payments of \$600 (6.0% of the amount transferred) will be made for as long as either of them lives. Because annuity payments are made over a longer period, the payment rate for two-life annuities is generally lower, but a portion of each payment may be free from federal income tax for a longer period of time.

CHARITABLE GIFT ANNUITY RATES

The rate of the annuity is based on the age of the designated beneficiary or beneficiaries at the time when the annuity payments are scheduled to start. Annuity rates are higher for older annuitants. The annuity rate, along with the amount of the gift, determines the tax deductibility of the gift.

SPECIAL ADVANTAGES OF CHARITABLE GIFT ANNUITIES

Of course, the main purpose of a gift annuity is the gift itself and the charitable intentions of the donor(s). A gift to the Diocese of Rochester assures the support and continuation of important Church programs and services. In addition to a regular annuity payment, one may be entitled to federal and/or state income tax considerations, especially when the gift is an appreciated security.



FREQUENTLY ASKED QUESTIONS:

Q. Which is better to give a gift of cash or stock?

A. A person who is considering a significant charitable gift should first look to his or her stock portfolio. If you fund the gift annuity with long-term appreciated securities, the resulting capital gain on the appreciation in value can be deferred and/or eliminated. If you fund the gift annuity with cash, the tax-free portion (if any) will be smaller.

Q. Is there a minimum funding level required?

A. Yes, \$10,000 for initial gifts, and \$5,000 for additional gift annuities by the same individual.

Q. Are there any restrictions for the acceptance of a Charitable Gift Annuity?

A. The Diocese will not issue gift annuities to donors less than 65 years of age. Governed by the laws of the New York State Insurance Department, The Diocese of Rochester will only accept annuities for entities for which the Bishop is President. This includes the parishes, schools and ministries owned and operated by the diocese. In addition, the Sisters of Mercy of the Americas, Regional Community of Rochester, and the Sisters of St. Joseph of Rochester, Inc. are included in this program.



Q. What are the estate tax consequences?

A. If you establish a gift annuity solely for yourself the annuity has no value upon your death, and therefore, no amount is in your estate. If you establish a gift annuity for yourself with a successor annuity interest, the value of the survivor annuity will be included in your estate.

Q. Do I need a lawyer to set up a Charitable Gift Annuity?

A. No. However, you are strongly encouraged to consult with your estate or financial advisor before entering into the contract.

Q. If I live long can my annuity run out of money?

A. When you establish a Charitable Gift Annuity you are entering a contract with the Diocese under which the Diocese, backed by all its assets, is obligated to pay you (or another annuitant) a fixed dollar amount for the rest of your life.

Q. Where can I get more information?

A. The Office of Stewardship and Development will be glad to provide you with additional material and answer your questions. Please refer to the back of this brochure for contact information.

“Sowing The Seeds Of Faith With Charitable Gift Annuities.”



Donations can be made to the
DIOCESE OF ROCHESTER
for general purposes
or designated for:

YOUR PARISH

CATHOLIC SCHOOLS

CATHOLIC CHARITIES

ST. BERNARD'S SCHOOL OF THEOLOGY

MINISTRIES/SERVICES

Evangelization and Catechesis,
Parish Support Ministries, etc.



ADDITIONAL INFORMATION

Please contact:
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**Roman Catholic
Diocese of Rochester**

The Office of Stewardship & Development