

SENSIBLE PLANNING

for Financial Security & Spiritual Fulfillment...

A Strategy to Counter Low Interest Rates

By H. Maynard Lowry, Director of Planned Giving & Major Gifts, La Sierra University

The July 7, 2003, Wall Street Journal column heading read, "As Fed Cuts Rates, Retirees Are Forced to Pinch Pennies." That's one of the realities of today's financial markets, which place home loan interest rates at a 40-year low but make it difficult to create any reasonable cash flow for those who have savings to support themselves in retirement.

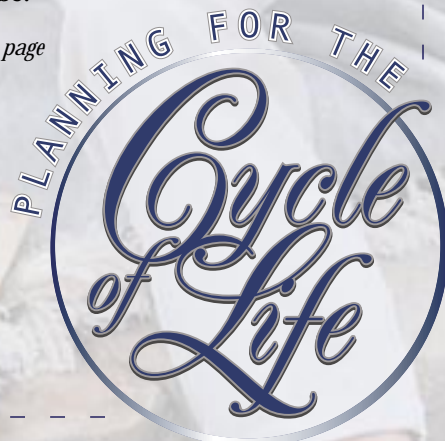
Money market accounts are paying less than one percent. Five year CD's are paying less than 3 percent. Ten year Treasury notes are now under 4 percent. And even US Series HH Savings bonds that pay semi-annual interest are yielding only 1.5 percent.

These numbers are discouraging to those living off the interest they receive. If this situation describes you, the time might be right for you to consider an alternative.

There is an option that has several additional advantages you may not have previously considered.

Charitable gift annuities guarantee a higher fixed rate of return for your lifetime—and that of your spouse.

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In addition, you'll receive some of your quarterly payment as income tax-free return of principal, which increases the effective rate of return on your payments. And, because you are entering into a contract with a charity (your church or alma mater), you will receive an immediate income tax deduction that could reduce your income tax burden come April 15th. If you are planning to make a gift at your death to your church or alma mater through your will or trust, did you know that by funding a charitable gift annuity now you will get the added benefit of an immediate income tax deduction? Another plus is that the gift to your church or alma mater will not be held up in probate or estate settlement proceedings.

Take a look at the rates you could be receiving by making an income-producing gift now to the charity of your choice.

Age For Single Life Gift Annuity		Ages For Two Life Gift Annuity	
Age	Percent Return	Age	Percent Return
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 %

Many individuals who have already chosen to receive the benefits of a Charitable Gift Annuity are now much less concerned about those "low interest" headlines in the financial pages of the newspaper. They know they can depend on receiving a good income for the rest of their lives from gifts they have already made. They also have the satisfaction of knowing that a portion of their estate will advance some very worthwhile projects in their church or alma mater.



“...THE ADDED BENEFIT OF AN IMMEDIATE INCOME TAX DEDUCTION...”

Charitable gift annuities are a good way to help secure your financial future, get piece of mind, and obtain personal satisfaction from

knowing you are a good steward of your finances. You can fund a Charitable Gift Annuity with cash or with stock. If you use stock that you have owned for more than one year, you

are able to stretch out the payment of capital gains tax. And in some cases it may be possible to use real estate to fund a Charitable Gift Annuity.

For those individuals who are planning ahead, especially those individuals who are looking forward to retirement, a deferred charitable gift annuity can bolster their retirement income with even higher rates of return than those of a current Charitable Gift Annuity.

It may be time for you to take another look

at how a charitable gift annuity can help you deal with the financial realities that you read about in the newspaper headlines. For those individuals who are charitably inclined, those individuals who wish to benefit their favorite charity or alma mater as well as themselves, a charitable gift annuity may be just what you need in the current financial market to help you

reach your financial and charitable goals. ☺

PLANNING FOR



The Three Most Popular Ways of Giving

by Ernie Dobkins, Gift Planning & Trust Services Director,
Northern California Conference

A WILL OR A TRUST

Huge sums of money are transferred from donors to their favorite charities every year. However, most of these funds are transferred to the charity at the donor's death through either a Will or a Trust.

Giving funds to your favorite charity through a Will or Trust has few, if any, immediate benefits for the donors. Indeed, many individuals are not looking to receive immediate benefits, but are simply happy to know

that they are sharing a portion of whatever is left over from their life's work with a cause they love and want to support.

CHARITABLE GIFT ANNUITY

However, there is another form of giving that is rapidly growing into the number three manner of giving - it is the CHARITABLE GIFT ANNUITY.

Why is the Charitable Gift Annuity moving into third place as the most frequently used method of leaving funds to your favorite charity? The answer is that many individuals have discovered that giving while living has immediate income tax benefits that may make their life even more enjoyable.

Let's say that you are planning to leave a portion of your estate to the Lord's work that equals \$100,000. Will the work of your choice appreciate the gift at your death? Absolutely!

But if you could give that gift now, receive a high rate of return for the rest of your life, avoid some income taxes, and have even more funds to support the causes that you love while you are alive, would you do it? Many individuals are.

Did you know that the CHARITABLE GIFT ANNUITY FUNDS that have been dedicated to the churches and almas maters and that are managed by the different entities of the Pacific Union are now approaching \$40,000,000?



“HUGE SUMS OF
MONEY ARE
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 SEVENTH-DAY ADVENTIST CHURCH

HOW DOES IT WORK?

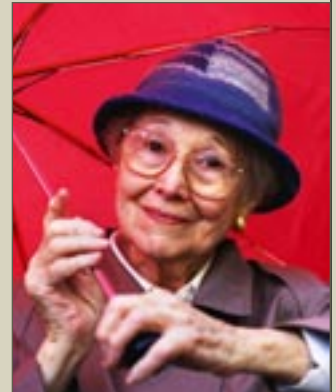
Let's take a look at how a Charitable Gift Annuity works.

Example: Eve Adams has decided that in her will or trust she wants to leave a gift of \$100,000 at her death to her favorite ministry. Eve is currently 77 years of age. If she makes the gift now, this is what will take place:

- \$100,000 to her favorite church ministry or alma mater.
- She will receive \$7,400.00 a year for the rest of her life.
- She will receive monthly payments of \$616.66.
- She will receive an immediate income tax deduction of \$42,348.
- Of the \$7,400.00 she receives each year, \$5,150 (or 69.59%) is income tax free.
- She pays income tax on only \$2,250 of the yearly payments she receives.

What does Eve plan to do with the income

from her Charitable Gift Annuity? She may use it for her general expenses. However, Eve is planning to use the funds that she receives from her Charitable Gift Annuity to have more income to support the ministries of her choice while she is alive. She is also happy to know that at her death the funds remaining in her Charitable Gift Annuity will go to support the causes that she loved during her lifetime.



Perhaps you should consider this increasingly popular way of giving as an integral part of your total Christian stewardship plan. ☺

- Please send me a confidential illustration of what a gift annuity can do for me.
- I would like to talk with someone about a planned gift or preparation of a will or a trust.

Name: _____

Address: _____

City: _____

State: _____ Zip Code: _____

Phone: (_____) _____

E-Mail: _____

Please mail this form to:

Trust Services
P. O. Box 7269
Westlake Village, CA 91359

I would like to work with a representative from:

- Arizona
- Central California
- Northern California
- Southeastern California
- Southern California
- Hawaii
- Nevada-Utah
- Pacific Union
- La Sierra University
- Pacific Union College

This publication is designed to provide general information about planning opportunities. It is not designed to provide tax, legal or other advice for a specific situation. Any examples provided are strictly for illustrative purposes and may not apply in your situation. The law in this area is highly complex and constantly changing. Even a slight variation in facts or a minor change in the law can impact the effectiveness of certain strategies. Advice from a qualified attorney and/or tax accountant should always be obtained before implementing any of the strategies described.

Gift Planning & Trust Services

Toll Free Phone Number
(877)-466-2819

E-mail plannedgiving@puonline.org **Website** www.willplan-puconference.org