

Charitable Gift Annuities 101



**A COMPREHENSIVE OVERVIEW AND
REFRESHER**

**21ST ANNUAL ARIZONA PLANNED
GIVING CONFERENCE
JUNE 3, 2015**

**GREG BODINE
SENIOR GIFT AND ESTATE PLANNER
THE SALVATION ARMY**



Desired Outcomes

2

- What would it take for you to be very pleased that you attended this breakout session?
- What one thing are you most hoping to hear about for use in your work?
- Greg's intentionality:



Greg's Total Satisfaction Guarantee:

You will be glad you came or else
Greg will buy you lunch.

Let's Talk About "POAA"

3

- Promotion
- Operation
- Application
- Analysis

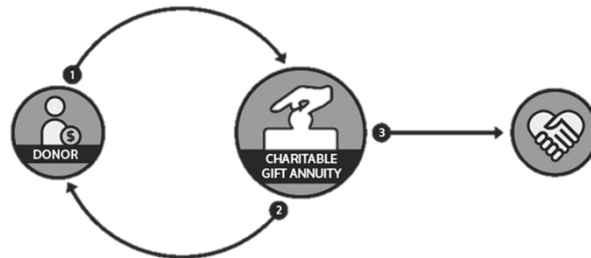


Part One: Analysis

4

What is a Gift Annuity?

- Definition
 - A contract between a donor and a charity to make lifetime annuity payments in exchange for a gift to the charity.



Eleven Basic Statements

5

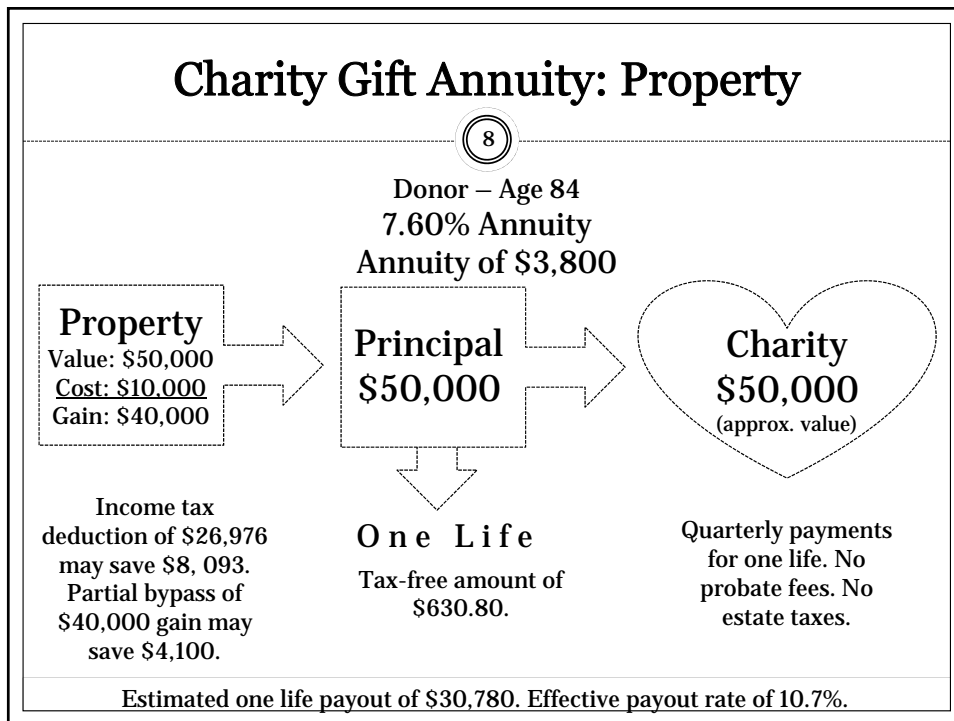
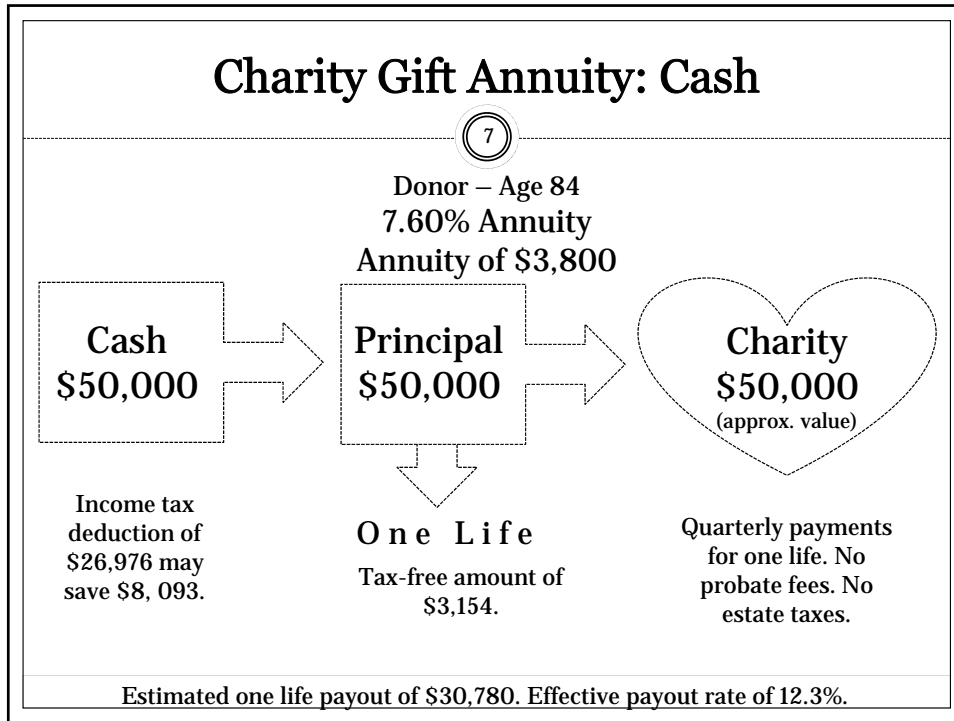
- Gift and an annuity
- Simple contract
- Irrevocable
- Directly with donor and charity
- For one or two lives only
- Annuitant(s) can be the donor(s) or someone else
- Donor gives cash, stock, real estate or other property
- Gifted property becomes the general asset of the charity
- Entitles donor to a tax deduction for the gift portion
- The annuity portion provides to the donor fixed taxable, tax-reduced and tax-free income for life
- The annuity is an unsecured debt of the organization

Part Two: Application

6

- 1) Cannot afford a major gift
- 2) Increase income
- 3) Bequest substitute
- 4) Give appreciated stock
- 5) Supplemental retirement







Annuity Payment Comparison

9

Cash vs. Stock \$50,000 Annuity

<u>Cash</u>		<u>Stock</u>
646	Ordinary Income	646
0	Capital Gain Payout	2,523
<u>+ 3,154</u>	Tax-free Income*	<u>+ 631</u>
3,800		3,800





Deferred Gift Annuity

10

Donor – Age 55
First Payment of January 1, 2030
Annuity Amount of \$3,950

Cash
\$50,000

Income tax deduction of \$17,335 may save \$5,200.

Deferred Payment Gift Annuity

One Life
Tax-free amount of \$1,955,25. Estimated total payout of \$65,965

Charity
\$50,000
(approx. value)

Quarterly payments for one life. No probate fees. No estate taxes.

Part Three: Operation

11

- Legal

- Registration
- Regulation



- Financial

- Investment & Reserves
- Reinsurance

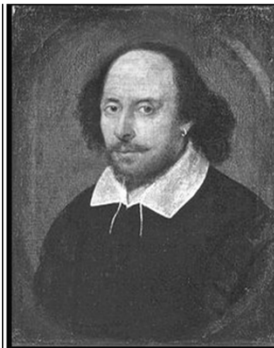


- Infrastructure

- People
- Policies
- Procedures

???

12



Gift Annuities ...
To be, or not to be: that is the question.
(William Shakespeare)

Decision Elements

13

- Kind of charity
- Generation after founder
- Readiness
- Donor profile
- Staff
- Board
- Infrastructure



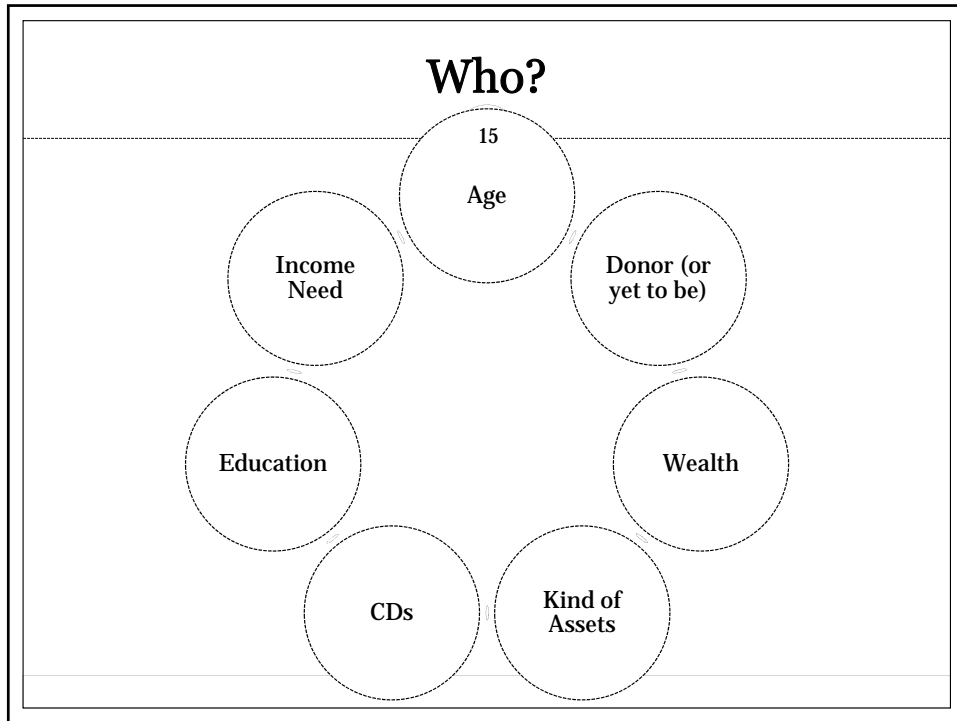
- Budget
- Long term commitment
- Outsource, consulting company, in-house
- Advisors: Legal, Tax, Financial, PG consultant

Part Four: Promotion

14



- Who?
 - Who are we trying to reach?
- Why?
 - Why would someone be interested in a gift annuity?
- What?
 - What is the message?
- How?
 - How do we reach them?



- ## Why?
-
- 16
- **What are the benefits of a charitable gift annuity for me?**

 - **What are the benefits of charitable gift annuities for the charity?**

 - **In what situations do they best apply to each?**

What?

17

What are the best messages to winsomely and persuasively reach out to different groups of people?

Crafting a message to connect the who to the why.

Let's discuss!



How?

18

The means to reach the people with the message of the benefits of charitable gift annuities.

- | | |
|--|--|
| <ul style="list-style-type: none">○ Literature, software and website○ Donor visits○ Referrals<ul style="list-style-type: none">✦ Both internal and external○ Organizational meeting presentations | <ul style="list-style-type: none">○ Outside speaking opportunities○ Outside media and promotions<ul style="list-style-type: none">✦ Print✦ Radio/TV✦ “Un”social media |
|--|--|

Recap

19

- **POAA**
 - Promotion
 - Operation
 - Application
 - Analysis

Benefits & Bonus

20

What do you feel was the biggest benefit of today's session?

Greg's Surprise Bonus:



In closing...



Thank you!

**Please join me again for the next breakout
session:**

Gift Annuities Galore!

**Creative, surprising, out-of-the-box solutions and
applications all over the place**

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Please feel free to contact me.



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