

Certainty in an Uncertain World



CHARITABLE GIFT ANNUITIES

The San Diego Foundation is pleased to recommend charitable gift annuities as a gifting option for donors of San Diego-based charities. Of the gifts that pay you a lifetime income, the charitable gift annuity is simple and affordable.

Over 160 Years of Popularity

The charitable gift annuity is one of the most popular gift vehicles in the country. Each year, thousands of Americans make generous charitable gifts and enjoy financial benefits by creating charitable gift annuities. Charitable gift annuities were first issued by the American Bible Society in 1843 and are among the oldest and most respected methods of charitable giving in the nation.

The San Diego Foundation obtained a license to issue charitable gift annuities in 2003. We hope this guide has helped to answer your questions about charitable gift annuities, which have been in existence supporting philanthropic causes and donors for over 160 years.

With ongoing volatility in the stock market and CD's at disappointing lows, charitable gift annuities are more attractive than ever. Whether you are new to gift annuities or have known them for awhile, perhaps it's time to think about striking up a relationship with a gift annuity. It is one program that will provide certainty in an uncertain world.

\$25,000 is all that is required to establish a charitable gift annuity and benefit from the results. Call Amy Walling at (619) 235-2300 in The San Diego Foundation office at for an illustration of what a charitable gift annuity can do for you.

Why Donors Like Charitable Gift Annuities

- Its an easy way to increase cash flow from low-yielding securities and CD's
- Income is fixed for life at rates as high as 9.8%
- Donors receive a charitable income tax deduction and partially tax-free income as a result of participating in the program
- Your charity benefits from the remaining assets

Fixed Income

1

For Life



ATTRACTIVE RATES

Participation in the charitable gift annuity program is made possible by The San Diego Foundation for the benefit of San Diego-based charities.

Dependable

2

Secure



A Future You Can Count On

A gift annuity is a simple contract between you and The San Diego Foundation in which it agrees you are paid a fixed percentage of what you place in the gift annuity trust fund for as long as you live. You receive an immediate charitable income tax deduction for participating in the program and a portion of each payment you receive will be tax-free. Gift annuities are not included in your estate, so estate taxes and probate costs are also avoided.

The amount you place in the trust fund, your closest age at the time the annuity is created, when payments begin and whether you choose a single-life or two-life annuity, all impact the size of the payment. Payments cannot be lowered, canceled, delayed, or suspended, regardless of the stock market or the national economy. The payment you receive on a particular gift annuity will never change. If you wish to contribute additional amounts after having established an initial annuity, you must create a new annuity contract. A donor with multiple annuities can, however, receive income checks in one lump sum. Older residents qualify for higher payment rates when they invest.

Gift annuities can be funded with cash or appreciated public securities. If the charitable gift annuity is funded with an appreciated asset, the annuity payments will be broken into three parts for income tax purposes. One part will be tax-free, representing a return of the donor's tax basis in the asset, one part will be taxed as capital gains income, and one part will be taxed as ordinary income. If the beneficiaries live beyond life expectancy, remaining annuity payments will be treated as ordinary income.

There are no out-of-pocket costs, fees or expenses to residents who elect to participate in the charitable gift annuity program. All investment and administrative fees are paid by The San Diego Foundation. Donors receive a 1099-R at the end of each year for reporting income.

Gift Annuities are regulated by the California Department of Insurance. Only financially stable charities like ours, that have been in existence for at least 10 years can be licensed to issue charitable gift annuities

Investment of gift annuity reserves are strictly regulated by the Department of Insurance and an annual report is filed with its office to ensure that requirements are being met. The San Diego Foundation's reserve is managed by US Bank.

Remainder Proceeds



When the annuity terminates upon the death of the last income beneficiary, any remaining assets left in the account are severed from the trust and released to the benefit your named beneficiary for its charitable mission.

Gift annuity formulas are designed to return an average of 50% of the original gift to charity.

Sample Rates

Single	Rate	Married	Rate
90	9.8%	87/86	7.8%
88	9.2%	85/85	7.4%
86	8.6%	83/83	6.9%
83	8.0%	82/81	6.6%
80	7.5%	80/80	6.3%

Gift annuity rates are very attractive, especially to seniors on fixed income who rely on interest from CD's and fixed income investments.

A minimum age of 65 and a minimum contribution of \$25,000 is all that is required to participate.

The San Diego Foundation follows the maximum recommended rates established by the American Council on Gift Annuities as do most other charitable organizations in the country. The American Council on Gift Annuities has been in existence since 1927.

Three Simple Steps

- Ask for an illustration from the to see how you would benefit
- Decide on a funding amount and sign a contract
- Receive payments for life

There are many tax benefits for participating in the program, including a charitable income tax deduction, partially tax-free income, and reduction of capital gains tax when contributing appreciated securities.

The charitable income tax deduction for retired-age donors is typically between 45% to 60% of the contract funding amount, depending on the age(s) and the federal mid-term rate at the time of the donation. The amount of income treated as tax free for retired-age donors is generally between 60% to 80% of the amount received, if the contribution to the trust fund is made with cash.

All charitable gift annuities begin with one thing; an illustration that is simple, free and easy to understand. Call the The San Diego Foundation office today at (619) 235-235-2300 for your illustration. We can show you what your full benefits will entail, including your payment rate and amount, income tax deduction, and tax benefits. After that, it's up to you. Funding a gift annuity takes only a few moments yet produces a lifetime of value.

SATISFIED DONORS

Oceanside resident Theresia Heyden is such a fan of the Charitable Gift Annuity concept that she has completed three gift annuity contract with The San Diego Foundation for the benefit of the Oceanside Charitable Foundation.

In 2008, she established her first Charitable Gift Annuity for \$100,000, naming the Oceanside Charitable Foundation as the remainder beneficiary. Theresia joined the Oceanside Charitable Foundation (OCF) as a founding member in 2007. Having been an active force in Oceanside for nearly four decades, beginning with her work at Camp Pendleton in 1975 as a volunteer nurse assisting Vietnamese refugees, the Oceanside community is very important to Theresia.



Theresia appreciates the guaranteed 8.3% in income and sizeable charitable tax deduction for participating in the program. She also likes the fact that she can simultaneously make a smart financial investment and benefit her community at the same time.

"I have lived in many places in my life, but I have lived in Oceanside the longest. I will always call Oceanside home. I wanted to give back to the community that has been so wonderful to my husband and to me, but at the same time I didn't feel I could eliminate a large amount of my future income. The gift annuity accomplishes both goals.

Now my investment is leveraged with the investments of my friends, so that even greater good can be accomplished. Through my contribution I am making both a financial investment and an investment in Oceanside and its wonderful people. I love Oceanside. I believe that I am making a difference."

"I encourage you to get started today with a charitable gift annuity. It's a win-win proposition. You will appreciate the benefits it provides and your favorite charity will ultimately benefit from the results."

START TODAY CALL NOW

Dependable

4

Secure

Don't Delay

If you think charitable gift annuities are a good match for your situation, don't delay in getting started today.

The very nature of a charitable gift annuity - guaranteed payments each year for life, partially tax-free income, plus an immediate charitable income tax deduction, makes it especially appealing in times like these, when interest rates are low and stock market volatility is high.

Charitable gift annuities are also flexible. And although most participants set them up for themselves, they can also be established for children and other loved ones, an advantage which a number of Casa residents have implemented. This works well for individuals who need a significant tax deduction but want the income to benefit their children's retirement.

The following types of gift annuity options are available:

- **Immediate Gift Annuities:** Payments begin within one year from the date of contract execution.
- **Deferred Gift Annuities:** Payments begin at a future time, chosen by the donor, which must be more than one year after the date of contract execution. This option is ideal for individuals who need a tax deduction now and want to supplement income in the future for someone else.

Most gift annuity donors are retired, want to increase their cash flow, seek the security of guaranteed payments and would like to save taxes. A charitable gift annuity might be right for you if any of the following circumstances apply:

- You need to increase cash flow as a result of declining interest rates on CD's and other fixed-income investments.
- You own appreciated securities and need to reinvest the proceeds to generate more income.
- You want to provide financial assistance to a child or other loved one in a tax-advantaged manner.

Foul cankering rust the hidden treasure frets,
But gold that's put to use more gold begets.

~William Shakespeare,
Venus and Adonis, 1593



Benefit Yourself and Your Charity Today! Contact:

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