



The Rotary Foundation
of Rotary International

www.rotary.org

VISIONS

CHARITABLE ESTATE & FINANCIAL PLANNING IDEAS FROM THE ROTARY FOUNDATION

TWENTY-SECOND EDITION

ENHANCE YOUR FINANCES AND SUPPORT THE ROTARY FOUNDATION TODAY

In 2004-05, The Rotary Foundation invested millions of dollars to send scholars around the world; administer vaccines in the remaining areas affected by the polio virus; and distribute matching grant supplies that addressed the Rotarian-identified needs of communities around the globe. Your *Service Above Self* and financial support makes doing good work in the world possible.

Many supporters of The Rotary Foundation tell us they would like to give more now, but think larger gifts are not possible. Fortunately, a variety of gift-planning tools have been created through the years to help balance one's financial security with the desire to give. One example, the *charitable gift annuity*, has been a popular way to give since the 1840s.

Under the terms of a simple gift annuity contract, cash or stock is transferred today in exchange for fixed, lifetime payments for you and/or another person.

Charitable gift annuity benefits include:

- An immediate income tax deduction for a substantial portion of the amount transferred.
- Payments that are partially free of federal income tax for a period of time.
- Capital gains tax savings if funded with stock that has increased in value.
- The amount that funds your gift annuity is generally removed from your estate for federal tax purposes.
- A larger gift to support Rotary's worldwide efforts than you may have imagined possible.

With a charitable gift annuity, it is possible to reduce your tax burden today, provide for others, and enhance your income from low-yielding assets—and at the same time support the future of The Rotary Foundation's vital work.

INSIDE

- *Make a gift and achieve a variety of goals*

ENJOY MORE INCOME IN LATER YEARS

If you do not currently need more income but think you could use it in the future, consider the benefits of a *deferred gift annuity*. This option allows you to fund your gift annuity with The Rotary Foundation today, but lets you choose when payments begin.

IMMEDIATE TAX DEDUCTIONS

Your tax benefits will not be postponed because, like a regular gift annuity, a deferred gift annuity allows you to enjoy an immediate charitable income tax deduction.

In most cases, assets used to fund your gift annuity will be immediately removed from your estate for tax and probate purposes. If you have thought about making a gift to The Rotary Foundation through your will or other plans, a deferred

*Compare Immediate and Deferred Gift Annuities**

Age Today	Rate for Immediate Gift Annuity	Rate if You Decide to Defer Your Payments for the Following Number of Years		
		5	7	9
65	6.0%	7.9%	9.0%	10.2%
70	6.5	8.6	9.9	11.5
75	7.1	9.7	11.4	13.6
80	8.0	11.6	13.7	16.3

*Rates shown are for single life annuities. Rates for two persons are slightly lower.

gift annuity can be a unique way to increase future income, reduce or eliminate estate taxes, and decrease your present income tax liabilities.

A “SECOND RETIREMENT”

Rotarian Henry Hamner, 60, is still working and currently does not need additional income. However, he has some concern that he may need more income in the future to pay for medical and other costs.

He decides to establish a gift annuity for \$100,000 with payments that begin at age 70. At that time, the payments will be \$10,500 per year for life—10.5% of the gift amount.

Henry will be entitled to an immediate income tax deduction of more than \$57,000 in the year of the gift.

Rotarian Hamner is pleased with the “secondary retirement income” he has created while providing a meaningful gift to support the important work of The Rotary Foundation for years to come.



EXTRA FUNDS FOR LOVED ONES

Would you like to provide an older relative or friend with regular lifetime income payments? If so, you may already know there are no tax deductions for such gifts; they must be made from after-tax dollars.

What if a way existed that assured generous payments for a parent or other loved that are partially free of tax for a period of years? One that would entitle you to an immediate income tax deduction for a portion of the amount used to fund the gift?

Fortunately, through a charitable gift annuity, payments can go to a loved one while you also make a welcomed gift to The Rotary Foundation.

Example: Jane Fox, 58, makes regular charitable gifts to the Foundation in memory of her husband, Jack, a life-long Rotarian.



She has recently started giving her mother, 83, a total of \$350 per month to help with her expenses. Jane receives no tax benefits from these gifts. In her tax bracket, it takes approximately \$500 before taxes to fund these gifts. It would take a \$120,000 investment earning 5% to produce the income necessary to fund the gift. Even then the income level would not be guaranteed.

Jane learns that she can establish a charitable gift annuity with The Rotary Foundation for \$50,000 that will make yearly payments to her mother of 8.8% of the gift amount for the rest of her mother's life. The gift would provide reliable, fixed payments of \$4,400 per year, payable at the rate of \$366 per month. Jane also will be entitled to a federal income tax deduction of more than \$26,000 in the year she makes her gift.

She is reassured knowing that her mother will receive payments for life that will never change, regardless of the economy or changes in interest rates. Jane and her mother are both also pleased to learn that her gift can be designated in memory of Jack.

WHO IS ELIGIBLE?

The minimum age to establish a gift annuity at The Rotary Foundation is 50 and the minimum gift amount is \$10,000. Rotarians and friends of the Foundation have created gift annuities in amounts ranging from \$10,000 to more than \$500,000. The payments are a fixed obligation backed by all the Foundation's available assets.

More information about plans that allow you to make gifts that produce supplemental income for loved ones is available upon request. Please call The Rotary Foundation Planned Giving Officer at (847) 866-3100 to learn more or return the enclosed card in the envelope provided for your confidentiality.

Gift Annuity Payment Rates (Single Life)

Age	Rate	Age	Rate
50	5.3%	75	7.1%
55	5.5	80	8.0
60	5.7	85	9.5
65	6.0	90+	11.3
70	6.5		

Check with us for current rates and benefits before you give.

The minimum age for an annuitant is 50.

For illustrative purposes only.

RRFC JOHN L. AND LUANNETTE T. BUTLER

A Rotarian since 1967, John L. Butler has been president of two Rotary clubs, served as District Governor and District Rotary Foundation Chairperson, and is in the third year of his term as Regional Rotary Foundation Coordinator (RRFC). In 2001, he was recognized with the Service Above Self Award. His wife, LuAnnette, joined him in Rotary in March 2004.



*LuAnnette T. and
John L. Butler*

John, also a Model-T Ford buff, has many stories that explain why he considers Rotary a member of his family. One story involved a World Community Service Project in Argentina. His team from the Clarksville/Nashville Rotary clubs worked with the Rotary Club of Bahia Blanca Norte to bring heat and plumbing to a school that served children of Bolivian farm workers.

“It’s neat to be recognized and have children come up and give us hugs. They shout, ‘LOS ROTARIOS!’”

John and LuAnnette never considered themselves wealthy but wanted to make a major gift to The Rotary Foundation. In January 2005, the Butlers completed this dream by funding a \$100,000 charitable gift annuity with a combination of mutual funds and cash.

“This is the only way we would have ever been able to give what for us would be a large gift,” said John. “It was very special.”

The couple chose to delay the start of their gift annuity payments until John reached the age of 70. They will then receive fixed payments for the remainder of their lives. If one outlives the other, the survivor will still receive the full payment.

“This plan helps us to build additional retirement income,” John said. “There are many things we could have done with these funds but we decided to put these assets with the Foundation where they could do some good.”

FOR MORE INFORMATION

The Rotary Foundation is happy to work with you and your advisors to explore using charitable gift annuities to accomplish your personal goals. Please return the enclosed reply card, or contact:

Karena J. Bierman, J.D. · Planned Giving Officer
The Rotary Foundation · One Rotary Center
1560 Sherman Ave. · Evanston, IL 60201
Phone: (847) 866-3100 · Fax (847) 328-4101
E-mail: plannedgiving@rotary.org



**The Rotary Foundation
of Rotary International**

This newsletter can be downloaded at www.rotary.org.