



Questions & Answers About Giving for Income

A Flexible Way to Give...and Receive

WORKING DILIGENTLY to accomplish a number of goals at once is a way of life for many of us. Meeting several objectives at the same time requires careful planning, but the rewards make the effort more than worthwhile.

Making a meaningful charitable gift and providing additional financial security for yourself may seem like contradictory goals. But what if there were a way to do both?

You may be surprised to learn that there are actually several ways to support your charitable interests while also providing a stable source of income and other financial benefits for yourself or other loved ones. Read on for answers to frequently asked questions about ways of giving that can help you meet multiple goals.

Answers to Frequently Asked Questions

Q. Who should consider gifts that result in increased income for themselves or others?

A. Anyone who wants to make charitable gifts while also preserving or enhancing personal financial security would be wise to consider such a gift. Gifts designed to accomplish both of these goals can be made in various amounts and are practical for people at a broad range of income and wealth levels.

Q. How does an income gift work?

A. Charitable gifts that also provide the donor with income can be made in several ways. One popular option is to make a charitable gift while retaining a **fixed income**.

With this type of gift, the amount of income you receive is determined at the time you make your gift and remains the same from that point forward. This option is particularly attractive for those who wish to plan on a definite amount of income that will never change.

Another option allows you to make a gift that provides **income that varies** over time. Income you or a loved one receives from this type of gift will fluctuate each year, depending on the performance of the plan's investments. This option provides an opportunity for growth in income over time.

Q. How much would my payments be?

A. Payments are usually in the 5%-10% range, depending on your age, the type of gift plan, and other factors. We will be happy to provide you with a complimentary illustration.

Q. How long will I receive payments?

A. Income can continue for your lifetime and/or the lifetime of whomever else you name. Or, in some cases, you may specify that the payments continue for another period of time you determine, up to 20 years.

When payments are no longer needed or otherwise end, the remaining funds are devoted to charitable use.

Q. What assets can I use to fund an income gift?

A. You may fund a gift using a variety of assets—cash, stocks, bonds, mutual funds, real estate, or other appropriate property.

Q. Are there any tax benefits as a result of such gifts?

A. Yes. Not only can you enjoy a generous tax deduction, you may also minimize, delay, or completely avoid capital gain taxes.

Property (such as securities) that has increased in value while you have owned it may be the smartest choice to fund an income gift. In this case, your income tax deduction is generally calculated using the full fair market value of the property at the time you make the gift. You also avoid paying capital gains tax at the time the donated property is sold.

We will be pleased to discuss the best giving opportunities for your particular wishes and personal situation.

Q. What if I have personal financial obligations to meet, yet still want to make a gift?

A. A gift that results in additional income for you may allow you to make meaningful gifts and, at the same time, help you achieve personal goals, such as the following:

- **Educational expenses:** If you want to provide money for your children or grandchildren's education, a gift that features an income stream may be an attractive and tax-efficient option. You can fund educational needs now or in the future while making a charitable gift and enjoying significant tax savings.
- **Supplement retirement funds:** If planning for retirement is high on your list of priorities, an income gift can supplement other retirement plan income while also providing for a charitable gift when you or a survivor no longer need the income.
- **Pre-retirement planning:** If you are not yet retired, simply postpone income payments until retirement, when the income and your need for it may be greater. Even though you are deferring the income, you still enjoy immediate tax savings.
- **Take care of loved ones:** Do you want to provide financial support for a spouse, parent, child, or someone else who depends on you? With a well-planned charitable gift, you can arrange for regular payments that can add to a surviving loved one's financial security.

Conclusion

Income gifts can result in extra income to you or another person of your choice, generate current and future tax savings, and help you make a charitable gift that might not otherwise be possible.

We will be happy to help you explore ways you can give in this manner. Additional information for you and/or your advisors is available at no obligation.