



**St. Vincent Healthcare
Foundation**

BENEFITING FROM A CHARITABLE GIFT ANNUITY

A Charitable Gift Annuity is a simple contract between you and St. Vincent Healthcare Foundation.

In exchange for your irrevocable gift of cash, securities, or other assets, St. Vincent Healthcare agrees to pay one or two annuitants, that you name, a fixed sum each year for life. The payments are guaranteed by the general resources of St. Vincent Healthcare Foundation and the Sisters of Charity of Leavenworth.

The older your designated annuitants are at the time of the gift, the greater the fixed income that St. Vincent Healthcare Foundation can agree to pay.

In most cases, part of each payment is tax-free, increasing each payment's after-tax value. If you give appreciated property (stocks) you will pay capital gains tax on only part of the appreciation. In addition, if you name yourself as the annuitant the capital gains tax will be spread out over many years rather than be all due in the year of your gift.

Payments are usually made in annual, semiannual, or quarterly installments.

Benefits Include:

1. You will qualify for a federal income tax deduction. Note that deductions for gifts of long-term appreciated property will be limited to 30% of your adjusted gross income and gifts of cash and non-appreciated property will be limited to 50% of your adjusted gross income. You may, if necessary, take unused deductions of either kind over the next five years, subject to the same 30% or 50% limitation.
2. If you have designated the remainder of your gift annuity to a permanent endowment held by a qualified charity, you are eligible for a 40% Montana tax credit on the charitable portion of your gift up to a maximum credit of \$10,000 per year.
3. The annuitants you name will receive fixed annual income for life, guaranteed by the general resources of St. Vincent Healthcare Foundation.
4. If you fund the annuity with an appreciated asset, you will incur tax on only part of the gain. If you name yourself as an annuitant, this tax will be spread out over many years.
5. Your estate may enjoy reduced probate costs and estate taxes.
6. You will provide generous support to St. Vincent Healthcare Foundation.

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Charitable Gift Annuity

Maggie is a retired nurse whose nursing career was with St. Vincent Healthcare. Maggie has accumulated a portfolio of stocks. Her income is not quite enough to cover her living expenses in the retirement village. Her stocks pay little more than 1.5% of their current market value. Maggie doesn't want to pay the large capital gains taxes that would result from her sale of the low yielding stocks.

Maggie is pleased to learn that at her age (78), she can transfer \$56,500 in market value of stock to the St. Vincent Healthcare Foundation in return for a charitable gift annuity. She originally paid \$20,000 for the stock. Maggie will:

Get a federal income tax deduction of \$24,000 (saving \$6,720 at her 28% tax bracket);

Increase investment income from \$1,695 to \$4,407 per year for the rest of her life; *and*

Receive a \$10,000 Montana tax credit. If Maggie can't use a \$10,000 tax credit this year, she can reduce her \$56,500 gift and use the remaining stocks to establish charitable gift annuities in following years. At her death, the remaining principal balance will be added to the St. Vincent Healthcare Foundation's permanent endowment in her name to assure, in perpetuity, the quality health care that she provided throughout her career continues through St. Vincent Healthcare.

Deferred Gift Annuity – Deferred to Full Life Expectancy

The deferred gift annuity – deferred to full life expectancy – is an excellent gift option for all donors who wish to maximize their tax savings. A donor makes a gift to a St. Vincent Healthcare Foundation endowment fund and receives an immediate charitable income tax deduction and a Montana Tax Credit for Endowed Philanthropy for 40 percent of the charitable value of the gift – not to exceed \$10,000 per individual.

For example, if Marjorie (age 50) makes a \$10,000 gift through a deferred gift annuity (deferred to full life expectancy), she may receive a potential federal income tax deduction of \$9,735 and a Montana tax credit of \$3,895. The out-of-pocket *cost* for a deferred gift annuity (deferred to full life expectancy) is potentially only about 1/3 of the gift. A named endowment will be established in Marjorie's name and she may designate the endowment's annual earnings to a program that best expresses her personal ideals and concerns.