

May 1, 2014

Elizabeth Smith  
12772 Happy Lane  
Anytown, OH 12345

Dear Ms. Smith,

It was a pleasure to learn of your interest in establishing a Catholic Gift Annuity administered by Catholic Extension. A charitable gift annuity is an excellent way to achieve goals for you while leaving a legacy gift for St. Mary's Catholic School, Anytown, Ohio.

A Charitable Gift Annuity is a simple irrevocable contract between you and Catholic Extension. In exchange for your irrevocable cash gift of \$10,000.00, Extension agrees to pay you a fixed sum of \$620.00 each year for life based on your age 77, and rate of return of 6.2%. Your benefits will include:

- 1) You may qualify for a federal income tax deduction of approximately \$4,723.30. Your deduction may vary modestly depending on the timing of your gift.

Note that deductions for this and other 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 this kind over the next five years, subject to the same 50% limitation

- 2) You will receive fixed payments in monthly installments totaling \$620.00 each year for life. In addition, \$475.54 of each year's payments will be tax-free for 11.1 years.
- 3) Your estate may enjoy reduced probate costs and estate taxes.

If you have any questions regarding a gift annuity, please call me at 312-795-6047, or use our toll-free number at 1(800)842-7804.

Sincerely,

Bobbi Hannigan  
Manager of Diocesan Initiatives

enc



**CATHOLIC  
GIFT  
ANNUITY™**

*Administered by Catholic Extension*

**CATHOLIC GIFT ANNUITY  
Administered by Catholic Church Extension Society**

Charitable Gift Proposal

for

Elizabeth Smith

May 1, 2014  
Prepared by bh



**Catholic Gift Annuity**  
**Administered by Catholic Extension Society**  
**Summary of Benefits**

Prepared for:  
Elizabeth Smith  
May 1, 2014

**6.2% Charitable Gift Annuity**

**ASSUMPTIONS:**

Annuitant	[9/18/1937] 77
Date of Gift	5/13/2014
Cash Donated	\$10,000.00
Payout Rate from ACGA2012 Table	6.2%
Payment Schedule	quarterly at end

**BENEFITS:**

<b>Charitable Deduction</b>	<b>\$4,723.30</b>
<b>Annuity</b>	<b>\$620.00</b>
Tax-free Portion	\$475.54
Ordinary Income	\$144.46

After 11.1 years, the entire annuity becomes ordinary income.



**Catholic Gift Annuity**  
**Administered by Catholic Extension Society**  
**Taxation of Gift Annuity Payments**

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 Elizabeth Smith  
 May 1, 2014

**6.2% Charitable Gift Annuity**

**ASSUMPTIONS:**

Annuitant	[9/18/1937] 77
Date of Gift	5/13/2014
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Payout Rate from ACGA2012 Table	6.2%
Payment Schedule	quarterly at end

**CALCULATIONS:**

Charitable Deduction	\$4,723.30
Number of Payments in First Year	3
Days in First Quarterly Period (4/1/2014 to 6/30/2014)	91
Days of Payment Credit in First Quarterly Period (5/13/2014 to 6/30/2014)	49
Annuity	\$620.00
Quarterly Payment	\$155.00
First Partial Payment on 6/30/2014 (49/91 x \$155.00)	\$83.46

**BREAKDOWN OF ANNUITY:**

	Tax-free Portion	Ordinary Income	Total Annuity
2014 to 2014	301.78	91.68	393.46
2015 to 2024	475.54	144.46	620.00
2025 to 2025	219.52	400.48	620.00
2026 onward	0.00	620.00	620.00

After 11.1 years, the entire annuity becomes ordinary income.