

INVESTING IN OUR FUTURE



A FINANCIAL & CHARITABLE PLANNING GUIDE FROM THE COMMUNITY MERCY FOUNDATION

ROLAND AND MAXINE MATTHIES: A LEGACY OF CARING THROUGH PLANNED GIVING



Dr. Roland Matthies (third from right) with his family at Oakwood Village in front of the gazebo donated by the family and dedicated to the memory of Mrs. Maxine Matthies.

For many years, Dr. Roland and Maxine Matthies endeared themselves to a number of charitable organizations in Springfield through their active participation and philanthropic support. These organizations have greatly benefited from the Matthies' financial generosity, as well as their know-how and savvy with respect to charitable gift giving.

Dr. Matthies began working in the field of planned giving in 1943 and is recognized as one of its pioneers. After taking the initiative

to learn the legal, technical and mathematical aspects of tax-wise giving, he selflessly shared his knowledge with others through published writings and service as a longtime board member and vice chairman of the National Committee on Gift Annuities.

Dr. Matthies actively encourages anyone with the foresight and resources to establish what is known as a charitable gift annuity (CGA) with a reputable and deserving charitable organization. Dr. Matthies himself

established a CGA with The Mercy Foundation (known as The Community Mercy Foundation) in large part because of the Foundation's high level of financial integrity. According to Dr. Matthies, "there is always a need to strengthen our local healthcare system, and this type of gift is a wonderful way to leave a legacy."

A charitable gift annuity accomplishes two goals for the donor: 1) it provides an immediate tax-deductible gift to the charitable organization of the donor's choice; and 2) it provides the donor with an annual income for life. (For more information regarding charitable gift annuities, see pages 2 and 3 of this issue of *Investing in Our Future*.)

Dr. Matthies credits the example set by his parents and the support of his wife, Maxine, for his strong desire and dedication to provide philanthropic support to charitable organizations in Springfield and Clark County. "I've tried to be generous and set a good example for others," he says.

Dr. Matthies has, in fact, provided us with a fine example of a well-conducted life. It would be a fitting tribute to Dr. Matthies to follow in his footsteps and take steps in life to benefit those in need while responsibly providing for yourself and your family. ■

INVEST IN A GIFT THAT GIVES BACK TO YOU AND SUPPORTS OUR MISSION

ESTABLISHING A CHARITABLE GIFT ANNUITY (CGA) IS A WONDERFUL WAY FOR YOU TO SECURE STEADY PAYMENTS FOR YOURSELF WHILE PROVIDING BENEFITS FOR THE COMMUNITY MERCY FOUNDATION.

Although most people think of insurance companies when they think of annuities, we also offer annuities. They are called “charitable gift annuities” because, as a charitable organization, The Community Mercy Foundation makes the payments to you for your lifetime. A CGA is a gift vehicle that pays you (and an additional person, if you wish) a predetermined amount each year for life. The gift can be established with cash or other property, and in return you receive fixed annuity payments on a regular basis: quarterly, semiannually or annually.

There are two types of gift annuities: one begins making payments within a year of the gift; the other, a deferred gift annuity, begins making payments at a future time, at least one year after the annuity is established.

“One is not born into the world to do everything, but to do something.”

—Henry David Thoreau

The Financial Benefits

Aside from providing a gift to us, your CGA will offer you many personal financial benefits unavailable with typical annuities.

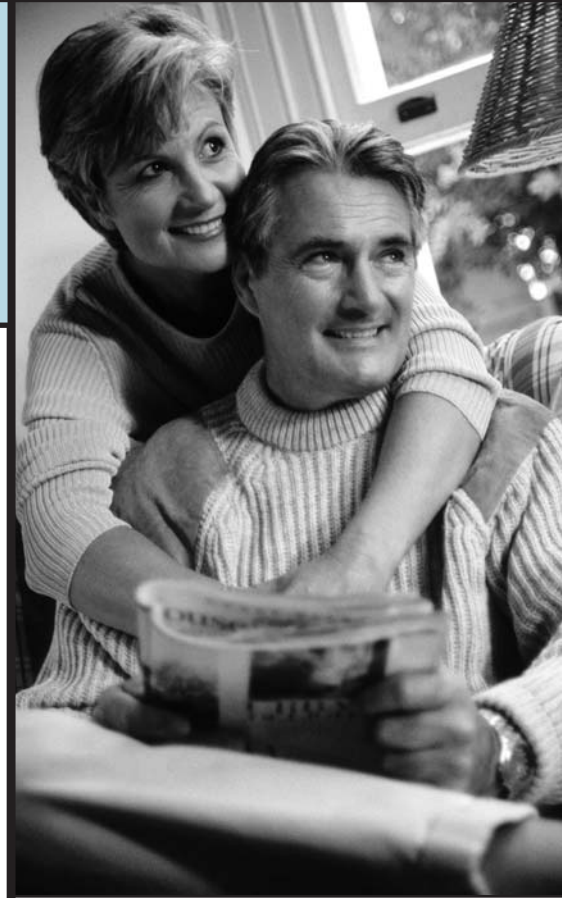
Charitable income tax deduction: The charitable income tax deduction varies according to the amount of your gift and your age—the older you are, the higher the deduction—and is taken in the year the gift is made for both the regular and deferred types of gift annuity.

Favorable capital gains treatment: If you make the gift with appreciated property, such as publicly traded securities with a low cost basis, you avoid paying capital gains taxes on the gift portion of the gifted asset.

Tax-free portion: Each payment you receive may be partially income tax-free, whether it commences now or in the future. For gifts established with appreciated property, each payment may also be partially taxed at lower capital gains rates.

Lifetime payments: You and a second individual, if a two-life annuity is desired, receive a fixed and secure amount for life. Payments are often higher than yields generated from stocks. Generally, the older the donor is, the higher the payment.

Estate taxes: If you are the sole annuitant (the beneficiary of the annuity), the



Ninety percent of Americans agree that they can make a difference by giving to charitable organizations.

income ceases at your death and is not included as part of your estate. If your spouse is the remaining annuitant, his or her interest may qualify for the estate tax marital deduction. If an individual other than a spouse, such as a sibling or child, is the remaining annuitant, the value of the remaining income is included for estate tax consideration.

Figuring Your Annuity Rate

Annuity rates are higher for older annuitants and lower for younger annuitants, based on life expectancy. Rates are also

HOW A CHARITABLE GIFT ANNUITY PAYS YOU

adjusted according to the number of annuitants, with rates for two-life contracts often lower because of the extended life expectancy.

A specific annuity rate is a matter of agreement between you and our organization. Maximum rates are recommended by the American Council on Gift Annuities. Check with your financial advisor or Kristy Kohl McCready at (937) 390-5515 for current rates or more information. ■

SUGGESTED ANNUITY RATES

(Maximum Payout)

<i>one life</i>		<i>two lives</i>	
Age	Rate	Ages	Rate
50	5.3%	50/55	4.7%
55	5.5%	55/60	5.0%
60	5.7%	60/65	5.5%
65	6.0%	65/70	5.7%
70	6.5%	70/75	6.1%
75	7.1%	75/80	6.6%
80	8.0%	80/85	7.3%
85	9.5%	85/90	8.4%
90+	11.3%	90/95+	10.1%

Donor profile:

Mr. Brown, aged 60, currently owns \$20,000 in highly appreciated stock, which is producing low dividends. With retirement approaching, Mr. Brown is considering ways to secure his future income.

Strategy: reduce capital gains

Mr. Brown establishes a \$20,000 charitable gift annuity by donating his highly appreciated stock to his favorite charitable organization.

Financial benefits:

Annuity Amount:	\$20,000
Annual Payout for Life:	
Tax-free Portion	\$149
Capital Gain Income	\$445
Ordinary Income	\$546
Total Annual Payment	\$1,140
Immediate Charitable Tax Deduction:	\$5,689*

A great advantage of funding a charitable gift annuity with a donation of highly appreciated stock is the reduction of capital gains tax liability. Mr. Brown does not incur \$2,250 (15 percent x \$15,000) in up-front capital gains tax that he would have incurred had he sold the securities outright. Instead, a portion of his \$1,140 payments is subject to long-term capital gains tax.

Additional considerations:

- The organization's assets are used to secure Mr. Brown's lifetime payments.
- If the income tax deduction exceeds the annual ceiling (i.e., 30 percent of adjusted gross income), the remaining tax deduction may be carried over for an additional five years.
- There is no need for legal help or other complicated procedures.

* Assumes a \$5,000 cost basis, quarterly payments and a 4.6 percent charitable midterm federal rate

**STRATEGIC
SECURITY
FOR LIFE**

What are the most financially strategic assets to use in funding a CGA?

Learn the answer to this question and more in our brochure, **Invest in Your Future and Ours With a Charitable Gift Annuity**. Send for your complimentary copy by simply completing and mailing the enclosed reply card.

TAX BREAKS FOR CHARITABLE GIVING



**Shannon Doyle, CPA,
Clark, Schaeffer, Hackett & Co.**

You probably know that you can claim an income tax deduction for a gift to a charity. But there is a lot more to charitable giving. For example, you can benefit both a family member and a charitable organization at the same time and still receive a tax break. Or you can give appreciated property to a charity without being taxed on the appreciation. However, these benefits can be achieved only if you meet various requirements including substantiation requirements, percentage limitations and other restrictions.

We would like to take the opportunity to introduce you to some of these requirements and tax saving techniques.

First, the basics: Your charitable contributions can qualify as income tax deductions only if you itemize them. Once you do, the amount of your savings will then vary depending on your tax bracket and will be greater for contributions that are also deductible for state and local income tax purposes. To obtain a current deduction, the gift must be to a qualified organization and must not exceed certain percentage limitations. In ordinary situations, however, the limitations will not present a problem because they will be high for deductions on contributions to public charitable organizations — 50 percent or 30 percent of adjusted gross income, depending on the type of property contributed.

In contrast, the substantiation will affect many charitable contributions. While a canceled check or receipt normally is all you need, you cannot deduct a gift of \$250 or

more unless it is substantiated by a written acknowledgment from the charity. Appraisals are required for large gifts of property other than cash.

Now for special techniques: One way to help a family member and a charity at the same time is to place cash or property in a trust, have the income from the trust be paid to your child for a set period of time, and then have the trust property go to a charitable organization. Or you can set up a trust so that the organization receives the interest income and the family members acquire the remainder.

If you have questions regarding the information provided above, please feel free to contact us.

Shannon Doyle, CPA
Clark, Schaeffer, Hackett & Co.

To learn how you can leave a legacy to healthcare in our community, contact Kristy Kohl McCreedy at The Community Mercy Foundation at (937) 390-5515.



The
COMMUNITY MERCY
Foundation

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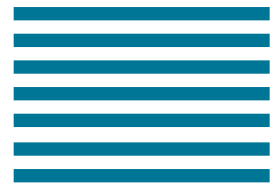


BUSINESS REPLY MAIL
FIRST-CLASS MAIL PERMIT NO. 69 SPRINGFIELD OH

POSTAGE WILL BE PAID BY ADDRESSEE

THE COMMUNITY MERCY FOUNDATION
1343 N FOUNTAIN BLVD
SPRINGFIELD OH 45504-9945

**NO POSTAGE
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IF MAILED
IN THE
UNITED STATES**



Learn more about a special kind of gift—one that benefits you and The Community Mercy Foundation. Begin by completing and returning this response card/reply mailer (*see below*). Your inquiry is strictly confidential.

Yes! I'd Like More Information.

Please send me the

FREE BROCHURE

Invest in Your Future and Ours With a Charitable Gift Annuity.



Please fold and tape shut. No staples.

I would like a personal illustration of how a charitable gift annuity would benefit me. Use the amount checked below for my illustration:

\$50,000 \$25,000 \$10,000 other _____.

I would like to receive my payments:

quarterly semiannually annually

The proposal should be prepared for:

me only; my birth date is _____.

Please include a second individual whose birth date is _____.

BONUS! Please send me more information on how recent tax legislation provides new options for my IRA distributions.

PLEASE PRINT.

Name

Telephone

E-mail

Address

City, State

ZIP

THIS INFORMATION IS STRICTLY CONFIDENTIAL.

D2-D

INVEST IN YOUR
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