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# WHAT IS A DEFERRED GIFT ANNUITY?



A deferred gift annuity is a simple contract between you and Boys & Girls Club of the Hi-Line.

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 the Boys & Girls Club of the Hi-Line's 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 less than 1/2 of the gift. Marjorie's gift to the Boys & Girls Club will ensure that the organization can continue to operate and provide hope and opportunity for generations to come.

## **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. Gifts of cash, short term appreciated property, ordinary income property, 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 payments for life, backed by the general resources of the Boys & Girls Club of the Hi-Line, starting in the year you choose.
- 3) If you fund the annuity with a long term appreciated asset (one you have held for more than one year), 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 and the first installment will not be due until after you receive your first payment.
- 4) Your estate may enjoy reduced probate costs and estate taxes.
- 5) You will provide generous support to the Boys & Girls Club of the Hi-Line.

## **For more information, contact:**

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