



**Scouting
America™**

Office of Development

972.580.2219 | bsafoundation.com

How your appreciated assets can pay off at retirement

The tax code provides incentives for Americans to save today in order to meet the financial needs of the future. Each of these plans (like the IRA and 401(k)) deliver tax benefits in return for a decision that, in effect, defers access to income.

The charitable planning strategy known as the **DEFERRED GIFT ANNUITY** has four benefits you won't find in other retirement plans.

1. A CHARITABLE INCOME TAX DEDUCTION
2. PARTIAL BYPASS OF CAPITAL GAINS TAX ON APPRECIATED STOCK
3. PARTLY TAX-FREE INCOME
4. A GIFT TO THE BSA



Copyright © 2015 Crescendo Interactive, Inc. Used by permission.

PLANNED GIVING BRIEF

A Plan for the future with benefits Today

The **DEFERRED GIFT ANNUITY** is an agreement that is part gift and part annuity. The chart below illustrates the basics of this agreement. Larry and Allison, both age 50, own a block of stock with a current value of \$100,000. The couple purchased the stock a number of years ago for \$30,000, but the stock generates almost no income.



Several months ago the couple decided to examine their retirement plan. They began to explore options that would convert this \$100,000 block of stock into fixed lifetime payments. Selling the stock is an option, but this would trigger a tax liability.

The **DEFERRED GIFT ANNUITY** offered the ideal solution. Here's how it works:

As our chart shows, Larry and Allison transfer the stock to a qualified charity in exchange for a **DEFERRED GIFT ANNUITY** agreement. The agreement calls for the charity to make annual payments to Larry and Allison, beginning at retirement and continuing for life. When Larry and Allison pass away, the remaining value of the asset passes to charity.

When the stock is transferred to charity Larry and Allison will receive a charitable income tax deduction and they will bypass part of the tax due on the \$80,000 capital gain.

Based on the couple's ages and length of deferral, the couple will receive substantial annual annuity payments for life. Part of that annuity payment may be tax free.

With the **DEFERRED GIFT ANNUITY** Larry and Allison will realize their goal of improving their retirement plan and they will realize a long-term philanthropic objective as well.

Click the link or call the BSA Foundation to discuss how a **Deferred Gift Annuity** can work for you.

