

## WHY PLANNED GIVING?

The Catholic Church has been there for you and your family during the most important moments of your lives. You want to be there for the Catholics of tomorrow as they start their journey of faith.

By supporting our Planned Giving Program, you can ensure that the active works of the Archdiocese and its parishes continue and grow both for today's needs as well as those of our children and grandchildren.

## WHY A CHARITABLE GIFT ANNUITY?

### BENEFITS TO YOU:

- Increased annual income.
- Same annuity income each year.
- Income for life with option of a guaranteed period.
- Lower income tax on annuity income.
- Possible replacement of capital with life insurance.
- Donation receipt for initial donation.
- Donation receipt for insurance premiums where the Church is owner and beneficiary of the policy.

### BENEFITS TO THE CHURCH:

- It can receive part of the initial capital for assistance with the annuity option.
- It can be the beneficiary of any remaining guarantee period should the annuitant(s), you or you and your spouse, die before the end of the guarantee period.
- The Church could be the sole or joint beneficiary for life insurance that has been purchased.

*Prior to making a gift, we recommend that donors receive independent professional advice concerning the possible financial, taxation and legal consequences of doing so.*



To obtain more information about making a gift to your Church, please consult the Planned Giving section of [www.CatholicOttawa.ca](http://www.CatholicOttawa.ca) or contact the following:

### At the parish:

- your pastor, or
- the parish coordinator for the Planned Giving Program

### At the Archdiocese:

Development Office  
Tel: 613-738-5025, ext. 235



MAY 2009



# How can you support your Church and keep an Income for life?



## THE CHARITABLE GIFT ANNUITY

**A PLANNED GIVING PROGRAM FOR CATHOLICS**

*...in thanks for the gift of faith  
...a gift for the future of faith*

## A LIFETIME INCOME

With these uncertain economic times, one is, in many cases, looking for a lifetime income while paying the least amount of tax possible. The annuity option may just be the alternative that provides you with what you are looking for in addition to supporting your Church.

Many firms promote this method to individuals whereby **income is provided for life with a low annual income tax cost**. Under this annuity option one can purchase an annuity with an initial capital amount. The annuity provider, usually an insurance company, will pay you, the annuitant, a yearly amount (can be paid semi-annually or even monthly) for your life.

You could also have the annuity payments, although they may be less, received for your and your spouse's lifetime. In this case, the annuity payments would continue to be received until the last to die.

## REDUCED INCOME TAX

**Only part of the annuity payments received would be subject to income tax.** The reason for this reduced personal income tax is because part of the annuity payments that you are receiving are a return of your own funds that were used to purchase the annuity.

**A guarantee period could also be arranged** whereby the annuity would be paid during this period even if you or you and your spouse die.

Where annuitants want to preserve part or all of the capital used to purchase the annuity for beneficiaries or for charitable purposes they can, assuming insurability, **take out life insurance and pay the premiums with part of the annuity payments received**. In most cases, this still results in more net income to them after tax and insurance premiums than if they simply earned investment income on their capital and paid income tax.

## INCREASED CASH FLOW

## REDUCED TAXES

## CONTRIBUTION TO THE CHURCH

### EXAMPLE

While numerous examples are needed to illustrate the foregoing with all the various options, the following compares the situation where a 70 year old male non smoker invests \$100,000 at 4% interest with the same individual purchasing an annuity for \$80,000 and the Church receiving \$20,000. The individual, who is in a 35% marginal income tax bracket, is insurable and purchases a \$80,000 life insurance policy with the Church being the owner and beneficiary of the policy.

- Where the individual invests \$100,000 with a 4% interest, the net annual after tax income would be **\$2,640**.
- On the other hand, where the individual purchases the annuity, the net annual after tax return would be **\$5,213\***, even after payment of life insurance premium. In addition to the higher return, the individual would obtain an approximate income tax credit of \$8,400 for the \$20,000 donation.

\* Note that the \$5,213 return mentioned above could change based on the annuity quotation, life insurance premiums and whether the annuity has any guaranteed period or last to die provisions.

