*This article could also be adapted for a target mailer:*

**Providing a More Secure Retirement**

Contributing to an IRA or a qualified plan such as a 401(k), 403(b), or Keogh is an ideal way to save for retirement. Unfortunately, all of these plans are subject to contribution limitations.

If you would like to supplement the payments you receive from your retirement plan and Social Security, consider a deferred gift annuity. Not only will you have more to spend in your later years, but you may reduce your income tax now. You will also help assure that the ABC Charity will continue to serve as an important resource for all members of the community.

Unlike an employer-sponsored retirement plan, a deferred gift annuity enables you to

 contribute as much as you want without limitation,

 contribute appreciated stock as well as cash,

 decide in which years to make a contribution, and

 start receiving payments as early or as late as you wish.

In the event you own your own business, you can establish a deferred gift annuity for yourself only, without having to include employees.

To establish a deferred gift annuity with the ABC Charity, you would transfer cash or securities to the Charity and execute an agreement that states when payments are to begin and to whom they are to be made. Ordinarily, single persons have payments made to themselves, and married persons elect joint and survivor annuities. You could, however, direct the payments to augment retirement income for someone else—a sibling, for example.

In the year you make your contribution you will receive a charitable deduction, the size of which depends on the number of years before payments begin and the age(s) of the beneficiary(ies) at that time. If you contribute appreciated securities, and name yourself as the sole or initial beneficiary, you will not be taxed on the capital gain at the time of the contribution. A portion of your future payments will be taxed as capital gain, but this is preferable to having them taxed entirely as ordinary income, which is the case with payments from your qualified plan.

If you know exactly when you want to retire, you can select in advance the year in which payments begin. However, if your retirement date will depend on future circumstances, the agreement can provide for payments to begin in any year you later choose. The longer you wait, the larger your payments will be.

Assuming you are now age 50 and you contribute $10,000, this is the amount you would receive each year if you started payments at the following ages:

**Age Payments Begin** **Annual Payment\***

60 $ 610

61 630

62 660

63 680

64 720

65 760

66 800

67 830

68 870

69 920

70 970

**Note:** These amounts are based on gift annuity rates in effect at this time.

How does the ABC Charity benefit from this plan? At the end of your and/or another beneficiary’s life (lives), whatever remains of your original contribution will be used by the ABC Charity to support its work. That amount may be more or less than your original contribution, depending on investment performance.

For more information about a deferred gift annuity, call or write the Development Office, 1234 Main Street, Seattle, Washington 98000, (206) 329-8144.

*\* The annual payments will depend on the length of the deferral period, the compound interest factor during the deferral period, and the gift annuity rates offered by the charity.*