



# NATIONAL PARK *Legacies*

Spring 2009

*Gift and Financial Planning Information*

## MAKE A GIFT AND INCREASE YOUR INCOME

**W**ith rising costs of energy and other necessities, have you wondered how you can meet everyday living expenses—and still make gifts in support of National Parks Conservation Association?

Through a life-income gift plan, you can join the many other supporters of National Parks Conservation Association who have discovered a wonderful way to do just this.

For example, our gift annuities provide generous payments that will never change, regardless of fluctuations in returns on stocks and other investments.

### *Tax benefits now and later*

Not only do gift annuities provide increased spendable income, you also can enjoy immediate and future tax benefits. Because a portion of your gift annuity will be used to help NPCA, you are entitled to deduct a portion of the amount used to fund your gift annuity right away.

In addition, part of each payment you receive will be completely free of income tax for a period of time equal to your actuarial life expectancy—and generally there will be no estate tax due on your gift annuity.

If you have stock or certain other investments that have increased in value but yield little income, you may wish to use those assets to fund a gift annuity with NPCA. This can allow you to increase the amount you receive with no capital gains tax payable at the time you fund the gift.

### *One or two can benefit*

You can establish a gift annuity that makes payments to you alone, or to you and your spouse or other loved one(s). Payments are dependent on the number of people receiving payments and other factors.

Read on for more information about how you can enjoy the many benefits of a gift annuity with NPCA.

Earth Friends Wildlife Foundation has pledged a Challenge Grant which will match a portion of all monies donated for charitable gift annuities, bequest pledges, and outright endowment gifts to NPCA that are received before June 30, 2009. Please call Morgan Dodd, Director of Gift Planning, at (toll-free) 1-877-468-5775 for more information about how you can increase the impact of your planned gift.

## ANSWERS TO FREQUENTLY ASKED QUESTIONS



© Dave Liu

*Stalactites in the Crystal Cave,  
Sequoia National Park*

**H**ere are answers to some of the most frequently asked questions about gift annuities.

### Q. What is a gift annuity?

**A.** A gift annuity is an agreement between an individual and National Parks Conservation Association. The donor transfers assets and receives fixed payments for the rest of his or her lifetime and/or the lifetime of another person.

### Q. What are the tax benefits?

**A.** There can be a combination of income, capital gain, and estate tax savings. We will be happy to provide you with a complimentary illustration.

### Q. What determines the size of my payments?

**A.** A number of factors, including the amount given and your age at the time the annuity is created.

### Q. Why does my age affect the payment rate I receive?

**A.** Part of the amount you transfer is returned to you over your life expectancy, and life expectancy changes with age. Generally, the older you are when your gift annuity begins, the higher your payment rate.

### Q. Does that mean my payments change from year to year?

**A.** No, your payment rate on a particular gift annuity agreement is set when your annuity begins. But if you fund additional gift annuities—as many of our supporters do—the rate generally will be higher for annuities in subsequent years.

### Q. What if I outlive my life expectancy?

**A.** The gift annuity agreement requires that payments will be made for as long as a recipient lives.

### Q. Are the payments affected by interest rates or economic fluctuations?

**A.** No. Payments for a particular annuity are never lowered or raised, regardless of changes in interest rates or the national economy.

### Q. Can I give stocks, bonds, or other securities rather than cash to fund a gift annuity?

**A.** Yes. If you give a low-yielding asset to fund a gift annuity, you may be able to increase your spendable income, because a gift annuity may pay more and your payments can be taxed more favorably than other income. There can be additional tax benefits if the securities have increased in value because you avoid the tax on a portion of the capital gain in the property.

### Q. Will a gift annuity be part of my taxable estate?

**A.** Not generally. If payments are made to you only, the gift portion is devoted to the work of NPCA, thus avoiding estate taxes and probate costs. Some gift or estate tax may be due if payments are made to a person other than a spouse.

### Q. How can I set up a gift annuity?

**A.** A gift annuity can be established with a minimum of effort. Contact us for an illustration of benefits for the people you would like to receive payments.

The purpose of this publication is to provide general gift, estate, and financial planning information. It is not intended as legal, accounting, or other professional advice. For assistance in planning charitable gifts with tax and other financial implications, the services of appropriate advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Tax deductions vary based on applicable federal discount rates, which can change on a monthly basis. Some opportunities may not be available in all states. ©MMIX RFSCO, Inc. All Rights Reserved. NAXX-09



## DECIDING WHAT TO GIVE

To receive maximum benefits from a gift annuity, it is important to think carefully about the property used to make your gift. Consider the following assets as you decide what might offer the greatest opportunity for you:

- Cash or the proceeds from bonds, certificates of deposit, or other investments that may be providing less income in today's environment.
- Stocks or mutual funds that have increased in value since you have owned them but yield little or no income. Because capital gains tax is not due at the time you fund a gift annuity, this can be a good way to make a gift while increasing your cash flow.
- Withdrawals from retirement plans you may be required to make. A gift annuity can offer a way to set aside more of such funds to provide future income, while reducing taxes that would otherwise be due today.

As you make your decisions about what to give, and when to give it, remember these points to help maximize your tax savings:

- Federal estate taxes can reach up to 45% of amounts over \$3.5 million.
- Unlimited amounts may be left to a spouse free of taxes.
- Full tax rates apply at death of the surviving spouse.
- There is no limit to the amount deductible from federal estate tax for charitable gifts.
- Gift annuities provide generous payments for life from assets

that are typically removed from your taxable estate.

- Capital gains tax can be avoided at the time your gift annuity is funded.
- Gift annuity payments can be taxed more favorably than many other sources of income.

We will be pleased to talk with you and your advisors as you consider which asset might be best for you to use to fund a gift annuity with National Parks Conservation Association.



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*Big Horned Sheep,  
Glacier National Park*

## ONE OR TWO CAN RECEIVE PAYMENTS

You may create a gift annuity for your life only, for your life and that of your spouse, or for the life of one or two other persons. The following examples illustrate just a few of the possibilities.

### *Payments for one person*

Martha, age 78, decides to fund a gift annuity using \$10,000 in cash. At her age, she will receive \$670 (6.7% × \$10,000) each year for the rest of her life. And because part of the amount given will eventually become a charitable gift to NPCA, she is entitled to a charitable income tax deduction of almost \$5,000.

### *Payments for two lives*

George and Susan, ages 72 and 68, decide to use stock that pays only 2% in dividends to fund a gift annuity that will continue payments for both of their lives. They are entitled to payments equal to 5.2% of the amount transferred, as well as a generous tax deduction. In addition, the value of the gift annuity will be removed from their probate and taxable estate.

Return the enclosed card or call for rates for a gift annuity for you and/or others of your choosing.

## HELPING NPCA ACCOMPLISH ITS MISSION

When Bob Glasser became a member of NPCA in the 1950s, it was still called NPA (National Parks Association.) At that time, there were 16 National Parks in 11 Western states. From 1953 to 1957, Bob visited all 16 on his summer vacations, enjoying the beautiful scenery and taking photographs so he could give slide shows for his friends back home. “I gave the parks a lot of good publicity,” he said.

Bob was able to visit many other parks over the years. When asked which of them is his favorite, Bob replied, “It’s hard to choose among Grand Canyon, Yosemite, Yellowstone, and Carlsbad Caverns. But I guess I’d pick Grand Canyon. The variety of the views is astounding.”

Wanting to do more to help support the parks, he and his wife, Marie, recently established a gift annuity with NPCA. “Originally, we planned to make our gift to NPCA through the family trust.

However, with a gift annuity, we are able to give now and use the payments to generate income.”

Bob hopes other people will be as inspired as he has been by the beauty and wonder of the parks. “The most pressing issue facing the parks today is getting sufficient funds to do all the things that need to be done: upgrading the infrastructure, expanding Ranger services, and maintaining the support of the public so they will make sure their representatives support the parks.”

Bob and Marie say they made their gift “to help NPCA accomplish its mission: *To protect and enhance America’s National Park System for present and future generations.*”

If you would like information about making a gift to NPCA, as the Glassers and others have done, please contact us at the number below or return the enclosed reply card.



*Bob and Marie Glasser*

### SAMPLE GIFT ANNUITY RATES

Age	65	70	75	80	85	90+
Rate	5.3%	5.7%	6.3%	7.1%	8.1%	9.5%

For illustrative purposes only. Please write for current benefits and rates for other ages.



**National Parks Conservation Association®**  
*Protecting Our National Parks for Future Generations®*

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[www.npca.org/giftplanning](http://www.npca.org/giftplanning)

For more information about how you can make a bequest, charitable gift annuity, or a planned or outright gift to NPCA’s endowment, please call Morgan Dodd toll-free at 1-877-468-5775. We look forward to helping you achieve your philanthropic goals.