

Choosing a charitable annuity helps everyone benefit

Anne-Marie Ambert is the type of person who plans ahead, pays attention to her finances, and wants to help solve some of the urgent problems she sees in the world around her. Every year, she researches causes and issues to determine where she should donate her charitable funds and volunteer her time to help others. As she prepared to retire from her position as a sociology professor, she did her usual scan and, even with no personal connection to Alzheimer's disease, she chose the Alzheimer Society as the recipient of a unique gift to the Society. "As a sociologist, I have a great deal of sympathy for people who are afflicted and for their relatives who take care of them," Anne-Marie explains.



Anne-Marie chose to make a donation to the Alzheimer Society to establish a charitable gift annuity. This form of planned gift made sense to her because it was a way to contribute to research about Alzheimer's disease and spread the tax benefit across several years while at the same time, receiving income.

"I always include charitable donations in my financial planning," Anne-Marie says. "When I arranged the annuity, I had been planning to give more in one year than I normally would because I happened to have more that year. At the same time, I wanted to reduce my tax burden. The annuity worked because of the larger tax benefit in the initial year with more income, with ongoing smaller tax benefits after my retirement. To me, making the gift in the form of an annuity was a way of helping the Society as well as myself."

A charitable gift annuity is known as a gift that gives back. An Alzheimer Society representative and a financial consultant visited Anne-Marie to explain the process and options. First, Anne-Marie chose an amount to donate to the Alzheimer Society to establish the annuity. She received a one-time charitable donation receipt for a portion of the original amount. The Society then purchased a term annuity for 15 years from a financial institution. (Life annuities, which continue payments for the rest of your life no matter how long you live, are also an option.) Anne-Marie receives income each year from the annuity but a substantial portion of that income is non-taxable. In other words, she retains the income benefits from the gift she has given to the Society, plus a charitable deduction receipt each year. The amount of income depends on your age and on the long-term interest rates at the time you arrange your annuity.

As someone who has valued financial security, but not money for its own sake, Anne-Marie has always lived within her means and took the same thoughtful, considered approach when choosing the method of her gift, asking her own financial advisors and gathering all the facts.

Anne-Marie found that making the decisions about the annuity was easy, even easier than making decisions about how her pension would be paid out! "I would definitely recommend this type of planned giving vehicle," she says.