GIVING BACK AND GIVING TO OTHERS

“My mother struggled to raise three children after my father’s death. She held down two jobs and always said that she wasn’t sure how she would have made it without the help she received from The Salvation Army. My brothers and I attended programs run by the The Salvation Army, and when funds would run short between paychecks, our mother turned for help to get through from The Salvation Army. I’ve never forgotten how much she praised the work of The Salvation Army. Every year, on her birthday and the anniversary of her death, I make a gift to The Salvation Army in my mother’s memory.”

– Myra G.

The Salvation Army is blessed with donors like Myra, who want to give back for the assistance they or loved ones received during their lifetimes. These friends know that our ability to help others depends on their gifts, large and small.

Many other friends have never had to depend on The Salvation Army, but see their gifts as a way of reaching out to those in need. Not everyone can personally serve meals to the hungry, help with rent payments to families who run short of cash, provide back-to-school supplies to young children or minister to the spiritual and health needs of those suffering from alcoholism or addiction. But The Salvation Army does – every day of the year. Some of our donors have discovered that gifts through their estates or gifts that allow them to retain payments for their lifetimes enable them to do even more for The Salvation Army and thereby permit us to continue “doing the most good.”

We’d be pleased to show you how your gift to The Salvation Army can be structured to help those we serve in the greatest possible way.
Charitable gift annuities may be the ideal way to support The Salvation Army – while also helping yourself. Your charitable gift annuity, which can be funded with cash or appreciated securities, offers payments for life to you or you and another person. What makes 2018 a good year to arrange a charitable gift annuity? There are several reasons:

- Recommended gift annuity rates have gone up, meaning payments will be higher.
- The charitable deduction available for a gift annuity may enable donors to exceed the higher standard deductions in effect for 2018.
- Friends who own stock or mutual fund shares that have gone up in value can lock in the gains with a gift annuity. The annual payments are based on the fair market value of the shares, without any loss to capital gains tax.
- Charitable gift annuities offer tax-free or favorably taxed capital gains income for the donor’s life expectancy.
- Your gift annuity helps The Salvation Army carry out its vital work in helping others.

The table below shows sample gift annuity rates and the charitable deduction available at various ages. We would be happy to provide you with a free personalized one-life or two-life gift annuity illustration.

<table>
<thead>
<tr>
<th>Age</th>
<th>Payout Rate</th>
<th>Annual Payout</th>
<th>Charitable Deduction</th>
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<tbody>
<tr>
<td>65</td>
<td>5.1%</td>
<td>$1,275</td>
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<tr>
<td>90</td>
<td>9.5</td>
<td>$2,375</td>
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</table>
SATISFACTION PLUS WITH A GIFT ANNUITY

If you search hard, you may find certificates of deposit paying 2% interest; money market rates are far lower. Friends may find that payout rates for charitable gift annuities offered by The Salvation Army look generous by comparison. In fact, gift annuity rates were increased this year (see box on previous page). Payout rates for charitable gift annuities are higher because gift annuities pay a combination of interest and a portion of the donor’s original principal.

The big advantage is that a recipient’s lifetime payments will never change and are backed by the full resources of The Salvation Army. Gift annuities can be a satisfying way to assist Salvation Army programs while improving one’s spendable income and reducing taxes. Unlike CDs or other interest-bearing accounts, charitable gift annuities are irrevocable gift commitments to The Salvation Army, but they can be a winning arrangement for donors, The Salvation Army and those who turn to us for help every day.

For example, Bob, age 69, found he will get only 2.4% interest on a $25,000 CD that he planned to roll over when it matures. But because Bob has been a long-time supporter of Salvation Army programs in his community, he decides to use the funds to establish a charitable gift annuity. Bob will receive the following benefits from his gift annuity:

- Annual payments of $1,350 (5.4%) for as long as he lives;
- Tax-free income of $924 for his life expectancy; and
- A charitable deduction of $9,557 that may enable him to itemize on his 2018 income tax return.

In addition to these tax and financial benefits, a gift annuity offers Bob something he couldn’t get from investing in a CD: the satisfaction of knowing The Salvation Army will use his gift to help those in need.

YOUR FREE PUBLICATION FROM THE SALVATION ARMY

A charitable gift annuity is an extraordinary way to make a gift, increase your income and slice your tax bill – all in one transaction! The Salvation Army charitable gift annuity program was created as a service to our many friends who have expressed a desire to make a gift of significance, while receiving payments for one or two lives.

Return the enclosed envelope for your free copy of our new publication, The Charitable Gift Annuity, and discover how a highly flexible gift annuity can be set up to meet your personal objectives, your own financial requirements and the needs of your beneficiaries, while providing assistance to The Salvation Army programs you support. Please call us for more information, and send for our free publication, The Charitable Gift Annuity.
Five Goals Worth Achieving Before 2019

- Update your will and other estate planning documents to take advantage of tax changes. Ask us about ways to include a gift to The Salvation Army in your planning.

- Consider switching your traditional IRA to a Roth IRA. You’ll owe taxes on the amount you convert, but a planned gift to The Salvation Army could help reduce the tax. All qualified withdrawals in future years will be tax free.

- Arrange a Salvation Army charitable gift annuity to provide you with fixed payments for life.

- Discuss your estate plans with family members, so you won’t be leaving them a “surprise package.”

- Explore thoughtful and tax-wise gift ideas to assist those served by The Salvation Army.

From the Office of Gift Planning

In this newsletter, we provide help and information on your personal planning and key financial or estate issues. Please contact us if you want more information about such matters – or to find out more about the work of The Salvation Army. We encourage you to send for our new publication, The Charitable Gift Annuity.

Major Jorge L. Marzán  
Divisional Commander  
Captain Limaris Marzán  
Director of Women’s Ministries

Michael Afflitto, CAP®  
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Please call our office for the appropriate wording whenever you are preparing a gift through your will, living trust, IRA or other beneficiary designation.

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Mobile: (860) 882-7101  
http://tinyurl.com/SalvationArmyPlannedGiving

The purpose of this brochure is to provide accurate information of a general character only. For specific recommendations, each person should consult his or her own qualified professional adviser.
STOP! DO YOU REALLY NEED THAT IRA WITHDRAWAL?

Many friends of The Salvation Army find they don’t really need the funds they are required to withdraw each year from their IRAs. Thankfully, there is a better option – one that aids Salvation Army programs while helping friends reduce their income taxes.

IRA owners are required to begin taking annual distributions – and paying tax on the full amount – after age 70½. Susan, age 74, needs to take distributions of $48,000 from her IRA this year. The additional income could push her from the 22% income tax bracket to the 24% bracket. But Susan has an alternative: she can tell the custodian of her IRA to send a check from her account directly to The Salvation Army – a qualified charitable distribution (QCD). If she has $10,000 sent to The Salvation Army, she avoids the income tax on the transferred amount ($2,200 in a 22% tax bracket) and sees her generous gift put to use today.

No income tax charitable deduction is available for gifts from IRAs, but the tax that would otherwise be paid on required distributions is avoided. IRA owners who have reached age 70½ may give up to $100,000 tax-free each year from IRAs. QCDs cannot be used to fund life-income gifts such as charitable gift annuities, but they can be used to satisfy outstanding pledges.

If you’re thinking of making a gift from your IRA, it’s best to do so before you’ve taken all your required distributions for 2018. And please let us know if you’re making an IRA gift so we may express our sincere thanks and provide the substantiation you’ll need for tax purposes.