

HOW A GIFT ANNUITY WORKS

A charitable gift annuity is an agreement between you and Grand Valley State University when you make a gift to the University and stipulate that you wish to receive life payments in the form of an annuity. The amount of payments you receive depends on the schedule of rates offered by the University, your age, and the number of lives (1 or 2) over which the payments are to be paid.

When you take out an annuity with the University, we calculate all the factors to determine your payments as well as the amount you may deduct on your income tax return as a charitable deduction.

Your payments may be paid to you quarterly, semi-annually, or annually. Some of your payments from the annuity will likely be income tax free. If your gift for the annuity is made with appreciated property such as stock or real estate, part of your payments may be taxed at capital gains rates that are usually lower than the ordinary tax rate.

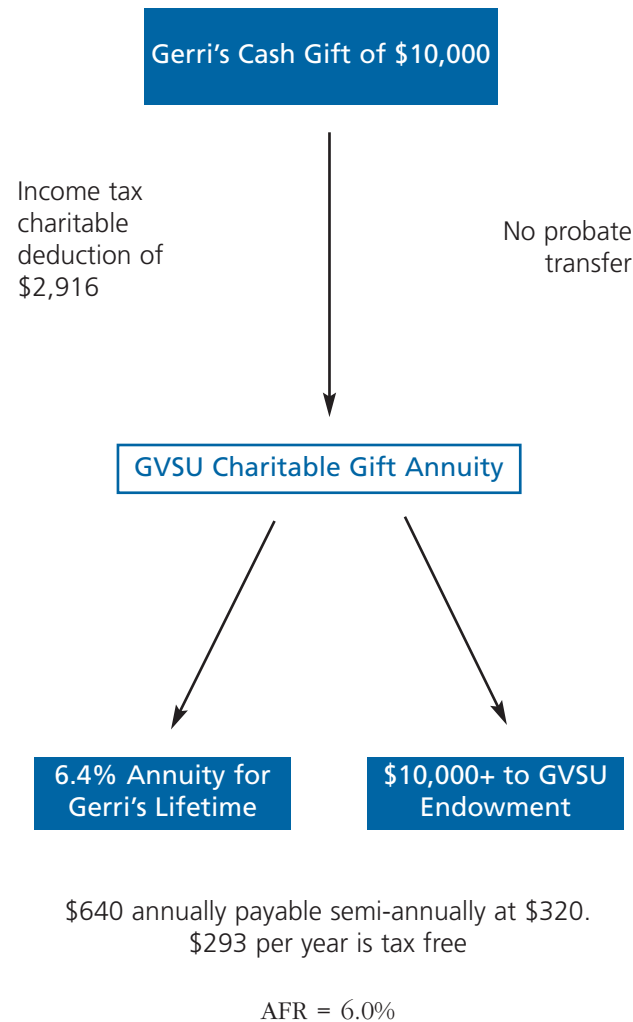
A GIFT ANNUITY EXAMPLE

Gerri V. Laker, a single person age 60, makes a cash gift of \$10,000 to GVSU stating that she wishes to receive payments for her life based on the gift. Referring to the chart, you will note that Gerri will annually receive payments equalling 6.4 percent of her gift ($\$10,000 \times 6.4\% = \640). She wishes to receive her payments semiannually and thus will receive a check for \$320 each June 30 and December 31 from GVSU for life. \$293 of the total annual amount will be tax free.

For the year the annuity begins, Gerri will be entitled to take a charitable income tax deduction of \$2,916 which in the 27.0 percent income tax bracket will save \$787 in taxes.

Eventually, after the payment-paying period, the money held by GVSU for Gerri's annuity will be transferred to an endowment fund within the University, and the interest will be applied to support the projects and causes for which the endowment is designated.

GERRI'S CHARITABLE GIFT ANNUITY



GIFT ANNUITY BENEFITS

A charitable gift annuity, the most popular form of payment-generating gift plans, offers alumni and friends of GVSU many potential lifetime benefits:

- Opportunity to help build endowments, which benefit students of GVSU
- Guaranteed lifetime fixed payments
- Partially tax-free income
- Avoidance of probate on transferred assets
- Income tax deductions and tax savings
- Reduction of capital gains taxes on gifts of appreciated property
- Reduction of estate and inheritance taxes

With a charitable gift annuity, you can receive a very attractive payments depending on your age:

Single life payout rate examples

Age 50: 5.5%

Age 60: 6.0%

Age 70: 6.7%

Age 80: 8.3%

Two life payout rate examples

Age 50: 4.7%

Age 60: 5.6%

Age 70: 6.1%

Age 80: 7.1%

Rates for your age(s) are available.

JOINING THE GILLETT SOCIETY

Named after Richard M. Gillett, one of the founding fathers of Grand Valley State University, the Gillett Society recognizes those of the greater GVSU community — alumni, parents, friends, faculty, and staff — who have graciously made personal estate gift arrangements to eventually benefit the University. Such gifts, typically applied to permanent endowments, include:

- Will and living trust bequests
- Remainder unitrusts and annuity trusts
- Gift annuities and life insurance
- Lead trusts and other customized, deferred charitable gift plans.

If you have made an estate gift arrangement for the eventual benefit of GVSU, please complete the reply card and forward it to the Office of Gift Planning to ratify your membership in the Gillett Society.



FOR MORE INFORMATION

For more information on how a Grand Valley State University charitable gift annuity can benefit you, call or write:

John Heerspink

Director of Gift Planning

Grand Valley State University

401 W. Fulton St., 224C

Grand Rapids, MI 49504-6431

Phone: (616) 331-6529

Fax: (616) 331-6099

E-mail: jcheer@gvsu.edu

or check us out online at: www.gvsu.edu/development

Your inquiry and the information you share will be held in strict confidence. We will be happy to provide you with a customized illustration of how our charitable gift annuity can benefit you and your estate. In addition, we will be happy to coordinate with your professional advisors regarding the legal, tax, and financial implications of the plan illustrated for you.

Grand Valley State University is an affirmative action/equal opportunity institution. It encourages diversity and provides equal opportunity in education, employment, all of its programs, and the use of its facilities. It is committed to protecting the constitutional and statutory civil rights of persons connected with the university. 3/03.



...for a guaranteed lifetime of income

