Focus on Philanthropy

Trinity College
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GIFT PLANNING NEWSLETTER

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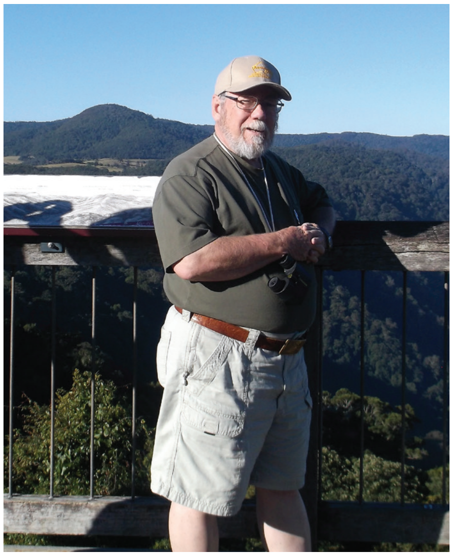
Planning for Retirement with a Deferred Charitable Gift Annuity: It's a Win-Win

Jan Gimar '73 recalls the Open Semester program as one of the opportunities that led him to apply to Trinity. That program, along with a generous financial aid package and the news that Trinity had voted to become co-educational, created a "perfect storm" of circumstances, and Jan headed east to Hartford from his small town in Kansas.

Jan's internship in the U.S. Senate complemented political sciences courses he took with Professors McKee, Jacobson, and Reilly. However, learning does not stop outside the walls of the classroom. "I was news director at WRTC my freshman and sophomore years, managing editor of the Tripod, and secretary, house manager, and president of Pi Kappa Alpha." When asked about his strongest memories, Gimar doesn't miss a beat: "ABC Pizza parties in Wheaton; the friendships made at Pike, and the 'Faculty Night' dinners." He also poignantly remembers covering



the Kent State shootings as news director for the radio station.

Trinity prepared him well for his career as an executive with the Boy Scouts of America. "My classes gave me the background to converse with the educators, civic leaders, scientists, and religious leaders. My extracurricular experiences gave me the confidence and skills needed for sales, media relations, writing, and group leadership. A Liberal Arts education gives one flexibility, adaptability and the perspective to understand the world through the lens of science, faith, and human interaction."

Gimar's views on philanthropy are straightforward. "If we honestly evaluate how our Trinity education has contributed to who we have become, we should recognize that we all owe a debt to the college." This was the impetus for Gimar to establish a deferred charitable gift annuity. It is a simple way to make a gift now, receive a current charitable income tax deduction, and receive an income stream in the future, which can supplement other retirement income. "The deferred charitable gift annuity gave me a better return during my lifetime than leaving the money in a 1% IRA. I made a wise investment on behalf of my retirement and Trinity's future. It's a win-win for me and for the College."

Retirement 101: A Beginner's Guide to Retirement

By Peter Kinzler '64

The question, "When should I retire?" invariably leads to a slew of other questions, such as "Do I have enough money to retire?" and its corollary, "Will I be able to afford to eat anything other than liverwurst (and what is liverwurst anyway)?"

As I approached 65, I sat down and tried to figure out what questions I needed to answer to have a rewarding retirement. The results: 20 common questions most people will face. Here are a few:

1. **What triggers recognition that your life has an expiration date?** Early in life, there seems endless time to realize your dreams. Usually by 65, most people realize that life is finite and the next chapter will be the last one.

   For me, the trigger was not so much age, but realizing that the next roof we put on the house would be the last one we would ever need. A 50th high school reunion with a bunch of old people didn't help any either.

2. **When should you retire?** Once you realize that your life has an expiration date (and have recovered from the panic attack), you will probably start thinking about when to retire. This is particularly true if your job is no longer stimulating or your employer is looking to replace you with someone younger, or you have been moved to the world of consulting. Knowing that you have only so much time left, are there things you'd rather be doing?

3. **Do you have enough money to retire?** The best time to address this question is actually before you retire. You may be surprised at how much you need to maintain your current lifestyle. Financial experts historically suggested, as a rule of thumb, that you needed to generate 70 - 80% of your pre-retirement income for a comfortable retirement. Now, many are suggesting that you will need closer to 100 percent, at least during the early years (typically for travel). That figure is far from the median retirement savings for

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1. American families between 56 and 61 of only $17,000. Assuming you have put your Trinity education to better use, the AARP's retirement calculator is a good tool to see how you are doing, and the Employee Benefit Retirement Institute (EBRI) is also an excellent resource.

   Of course, your savings are only one component of retirement income (Social Security, pensions and a reasonable return on your investments are others). If you haven't saved enough, the next section offers some ways to enhance your retirement income.

2. **What can you do if you haven't saved enough money?** For those who have not saved enough (including my daughter, whose retirement plan to win the lottery has yet to materialize), the AARP and EBRI websites offer strategies to increase your savings, ranging from the obvious, such as save more and work longer (it not only gives you more time to save more, it reduces the number of years you need to save for), to the less obvious, such as waiting longer to take Social Security. Delay taking your annuity from 62 to 70 increases your benefit by 76%.

The stock market crash in 2008 significantly reduced my savings. Fortunately, I had not retired yet, so I was able to make back much of my loss by working two years longer than had been my plan.

Peter Kinzler's observations are partially attributable to his 12 years on the U.S. Senate and House Banking Committees, and to the genius of Mel Brooks. For the complete article, go to trincoll.edu/retirement.

Closing the Financial Gap

"Save for a rainy day." Those were probably the first words of financial planning advice that you learned at an early age. But shouldn't one save for a rainy or sunny day? "Be charitable." Those were values that you were taught at home and at school. What if you could be charitable and save for a sunny day, too? Trinity College can help you do both.

You can make a gift to Trinity now, receive an immediate income tax charitable deduction, and get steady payments of income starting at some future date selected by you. These payments will continue for the rest of your life and a significant portion of your income will be tax-free for a period of time. The payments you receive will be more than you can get on a bank certificate of deposit or savings account. And every time a payment arrives you will know that your gift is also helping to support Trinity College.

Here is how this works. You make a gift to Trinity College for a minimum of $10,000. The amount that will be paid to you is based on your age and the length of the deferral period between when you make the gift and when the payments begin. For example, if you are 60 when you make the gift and you elect to defer the start of your payments until you turn 65, you will receive a payment rate of 5.5% and an annual payment of $550 for life.

Sample Rates

Age at Date of Gift	Immediate Payout Rate	Rate if Payout is Deferred 5 years
60	4.4%	5.5%
65	4.7%	6.0%
70	5.1%	6.8%
75	5.8%	8.0%

*Please note that this information is for illustrative purposes and is not intended as tax or legal advice. Rates are subject to change and are based on rates recommended by the American Council on Gift Annuities.

Think of your payments as a way to diversify your retirement income portfolio, while making a gift that supports the work of Trinity.

For more ideas on charitable gift planning and retirement visit our website, trincoll.edu/DCGA.