

CONVERTING A BEQUEST TO INCOME

Possibly, you have already included a bequest to our organization in your will, and you may or may not have informed us of this fact. In so, we thank you for your foresight and generosity. Requests like yours will assure that our services can be sustained in the future. Like many others, you may have chosen to make your largest gift to our organization via a gift by will because you expect to need all of the income from your investments during the remainder of your life. Also, you may want to reserve the right to make changes regarding the disposition of your property if circumstances change.

If your primary concern is sustainability of income, you might consider converting your bequest to a life income plan, such as a gift annuity, that not only would sustain but might even increase the amount you have to spend annually. Moreover, this arrangement would generate current tax savings, whereas tax savings from a bequest are delayed until your final income tax return.

Example: *Marjorie, age 76, has provided in her will for a bequest of \$100,000 to our institution. Currently, her investments include stocks and mutual funds with an average dividend yield of 3.0 percent and cash and bonds with an average interest rate also of 3.0 percent. A contribution of \$100,000 of these assets would decrease her dividend and interest income by \$3,000 per year. However, at her age the annuity payments would be approximately \$6,000 per year.*

Moreover, she would receive a donation receipt that would reduce her income tax in the year of her gift. A large portion of the payments she receives would be tax-free. Also, she can be assured of fixed payments, unaffected by fluctuating interest rates and stock values, and those payments continue for the duration of her life no matter how long she lives.

By converting her bequest to a gift annuity, Marjorie would not only increase her cash flow but also ensure that her gift generates current tax savings. Obviously, the conversion is not advised if Marjorie might need all of her capital in the future, for with a gift annuity, unlike a bequest provision, the capital is irrevocably committed. If she does convert the bequest, she could then remove it from her will, which means that bequests designated for individuals and other organizations would be unaffected.

To discuss whether a conversion of your bequest might be appropriate for you, please contact us by calling **[enter phone number here]**.