

During a Shaky Stock Market...Freeze the Value of Your Securities...No Tax Liability...U. S. Government Bonus...Make a Wonderful Gift



During a shaky stock market friends of ABC Hospital Foundation ask us how they can freeze the value of their stocks, reduce or eliminate taxes on the gain and receive a fixed guaranteed lifetime income.

Our charitable gift annuity program solves this need and, if you don't need the income today, our Zero Coupon Three or Five Year Annuity program may be your answer.

Here is how it works.

You make a gift of securities to ABC Hospital Foundation. We make all arrangements and pay for the commission on the sale. The full value of your gift is invested in our immediate or deferred charitable gift annuity program. Because you are making both a gift and receiving payments the tax laws allow you to deduct as a charitable contribution a generous portion of the stock's value.

Payments can begin immediately or you can defer income by using our Zero Coupon Three or Five Year Annuity program. Income when received will be taxed as both ordinary income and capital gains income and a portion will also be received income tax-free.

Lets look at two examples to illustrate the savings:

John, aged 70, retired on a generous pension. He invested \$3,000 in Merck stock many years ago that is now worth \$20,000. His 625 shares yield 4.7% with an annual dividend of \$1.52. If he sells the stock he will pay \$2,550 in capital gains tax under the current Federal tax law. He has found a better solution and establishes an immediate annuity with the following results:

| <i>John freezes the value of his Merck stock worth \$10,000</i> | | | | | | | |
|---|----------------------|--------------------------|----------------------|----------------------|----------------------|----------|--------------|
| | Annual Income (rate) | After tax Effective Rate | Charitable Deduction | Capital Gain if Sold | Taxability of Income | | |
| | | | | | Ordinary | Tax-Free | Capital Gain |
| Today | \$950 (4.70%) | 4.03%(1) | -0- | \$2,550 | \$950 | \$0 | \$0 |
| Tomorrow | \$1,220 (6.10%) | 7.80% (2) | \$7,976 | -0- | \$463 | \$114 | \$643 |

(1) After tax of 15% on current dividends.

(2) The effective rate combines the benefit of the charitable deduction and tax-free payment to determine the fully taxable income needed to equal the spendable income from the gift annuity.

The charitable deduction will allow John to earn \$7,976 in tax free income in 2008. John receives payments quarterly.

