



A gift to **NARAL Pro-Choice America**, a 501(c)(4) organization, *is not* tax-deductible. Gifts to this entity allow us to develop and sustain a constituency that uses the political process to guarantee every woman the right to make personal decisions regarding the full range of reproductive choices, including preventing unintended pregnancy, bearing healthy children and choosing legal abortion. To determine how you can provide support to NARAL Pro-Choice America, see the contact information below.

A gift to **NARAL Pro-Choice America Foundation**, a 501(c)(3) organization, *is* tax-deductible. Gifts to this entity allow us to support and protect, as a fundamental right and value, a woman's freedom to make personal decisions regarding the full range of reproductive choices through education, training, organizing, legal action and public policy. To determine how you can provide support to NARAL Pro-Choice America Foundation, see the contact information below.

Please note that the information contained within this newsletter does not constitute legal advice and that we recommend that you seek your own attorney, financial advisor or financial planner when establishing a Will or a charitable gift to ensure that your income, gift and estate tax objectives are met.

If you would like additional information on making a charitable gift to NARAL Pro-Choice America using various assets, please contact:
 Steve I. Schneider, Esq.
 Planned Giving Advisor
 NARAL Pro-Choice America
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 Telephone: 202 530 4160
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Consider Other Taxation You Will Face

If you're using the gift annuity as a method of shifting assets to your spouse or children, there are other elements involved. The income from a gift annuity is taxed differently, depending upon various circumstances.

Income to you only: If you — the donor — are the sole beneficiary of the annual payout, your income will be viewed partly as tax-free return of principal, and partly as ordinary income.

Income to you and another beneficiary during your lifetime: You may set up your gift annuity to pay income to both you and another beneficiary during your lifetime. With this scenario, your co-beneficiary, of course, is taxed on the income received.

If the beneficiary is your spouse, there is no gift taxation, thanks to the marital deduction. If the second beneficiary is not your spouse, you are subject to the gift tax. Some of this gift may be covered by the annual exclusion. The rest counts against your unified credit. You will have to complete and file a gift tax return, but no tax will be due unless you deplete your unified credit.

Income to you during your lifetime and another beneficiary after your death: When you establish a gift annuity that pays income to a beneficiary sometime in the future, that gift does not qualify for the \$12,000 annual exclusion. The exclusion applies only to what IRS terms gifts of a "present interest" (as opposed to, for instance, bequests, which are gifts of a "future interest"). To combat this, simply include a provision in the gift annuity contract reserving the right to revoke this second interest in your Will. In the eyes of IRS, no completed gift has been made; therefore, no gift tax is due. Of course, the interest of the second beneficiary may be subject to estate taxation at your death.

You are not the beneficiary: Income up to \$12,000 may be covered by the annual exclusion and thereafter by your unified credit, until it's exhausted.

Suggested Single-Life Gift Annuity Payout Rates*

Age	Rate
50	5.3 percent
55	5.5 percent
60	5.7 percent
65	6.0 percent
70	6.5 percent
75	7.1 percent
80	8.0 percent
85	9.5 percent
90+	11.3 percent

Suggested Two-Life Gift Annuity Payout Rates*

Ages	Rate
50, 50	4.7 percent
55, 55	5.0 percent
60, 60	5.4 percent
65, 65	5.6 percent
70, 70	5.9 percent
75, 75	6.3 percent
80, 80	6.9 percent
85, 85	7.9 percent
90, 90	9.3 percent

* Recommended by the American Council on Gift Annuities



FREEDOM OF CHOICE

LEGACY CIRCLE NEWSLETTER

Our Year in Action!

This has been an extremely busy year for NARAL Pro-Choice America. Our fiscal year ended September 30 and we are pleased to share with you a brief look at the many ways we inspired pro-choice Americans to get involved.

- **Getting Our Voice Heard.** No reproductive-rights organization was more visible than NARAL Pro-Choice America during anti-choice Samuel Alito's Supreme Court confirmation hearings. Our Choose Justice alert channeled 78,000 petitions to the U.S. Senate urging lawmakers to oppose Alito's confirmation.
- **Getting Results.** How did we persuade the world's largest corporation to end a policy that's bad for women? NARAL Pro-Choice America, in partnership with NARAL Pro-Choice Massachusetts, sent the Choice Action Network an on-line alert demanding that Wal-Mart end its policy of refusing to stock emergency contraception. This action alert channeled 27,000 petitions within days — under

pressure, Wal-Mart agreed to end its discriminatory policy.

- **Getting Out the Word.** Stop Abortion Bans!, our on-line alert (see below), was sent to more than 400,000 pro-choice citizens, alerting them to the recent abortion ban in South Dakota, spelling out the potential domino effect on other states, and reminding them of the importance of voting pro-choice in every election.
- **Getting Across Our Point.** Our award-winning advertisement "Who invited the Pharmacist?" (see the ad on Page 3) ran in The Progressive magazine and 110 alternative weekly newspapers nationwide. It vividly illustrates the threat and danger of pharmacists' meddling in women's reproductive-health decisions.

- **Getting Out the Vote.** Every Election Day is a defining moment for reproductive freedom, so getting pro-choice voters to the polls is one of the most important things we do. Our Pro-Choice! Act It. Vote It. Elections 2006 action alert was sent to voters in states across the country — educating activists about what's at stake and encouraging pro-choice Americans to vote for pro-choice candidates.

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NARAL Pro-Choice America STOP ABORTION BANS!

“ We look forward to the inevitable court challenge with new hope, knowing that this, or similar legislation from another state, will eventually be the undoing of Roe. ”
 — Troy Newman, Operation Rescue President

Stop abortion bans. Elect pro-choice candidates. [Click here to give.](#)

South Dakota's ban is just the beginning. Eleven other states now want to ban abortion. How can you help stop them? Help elect pro-choice candidates at the state and federal level this November. [Click here to give.](#)

The following 11 states are all considering abortion bans: Alabama, Georgia, Indiana, Kentucky, Mississippi, Missouri, Ohio, Rhode Island, South Carolina, Tennessee, and West Virginia.

Ohio is even proposing a ban that would also make it a crime for anyone to accompany a woman to another state to receive abortion care.

With a single pen stroke, Governor Mike Rounds criminalized abortion in his state - wiping out the right to choose for women in South Dakota, March 6, 2006. Eleven other states stand poised to do the same.

[Elect pro-choice candidates](#)

The battle is here. Give today to elect pro-choice candidates in November and support our work at the state and federal level. [Click here to give.](#)

Charitable Gift Annuities

In a world of uncertainty, it's nice to know there's something dependable. In fact, the charitable gift annuity actually comes with a guarantee: guaranteed income to you (and even another beneficiary, if you wish) for life. In this issue of the newsletter, we'll take a closer look at a planning option that can meet a number of needs in your financial and estate plan ... and support some worthy non-profit programs at the same time.

Charitable gift annuity a superb investment

The charitable gift annuity is perhaps the simplest yet most intriguing of all the charitable gifts. Its uses are so varied, it is easily the niche-filler in any financial plan. Naturally, we won't be able to tell you everything there is to know about gift annuities in a few pages. We will, however, give you a foundation of information that will make it easier for you to question your financial and legal advisors.

To establish one, you transfer assets to a nonprofit organization such as ours; in return, that organization pays you a guaranteed, fixed income for life. The mechanism is partly the purchase of an annuity (paying you a specified income each year) and partly a charitable gift — hence the name.

The amount of the payout depends upon your age at the time of the gift, the size of your gift, whether your income payments begin immediately (an *immediate-payment gift annuity*) or are deferred to some predetermined time (a *deferred gift annuity*), and whether or not a second person is to receive annuity income.

When you fund a gift annuity during your lifetime (as opposed to under your Will), you receive an income tax deduction for the portion of the transaction that's considered a gift. You may claim this deduction in the year the gift is made, up to 30 percent (for gifts of appreciated property) or 50 percent (for gifts of cash) of your adjusted gross income. If you can't take the full deduction the first year, you may carry over the deduction until it's depleted, or for up to five years, whichever comes first.

If you fund your gift annuity with appreciated assets (stocks, for instance), you pay tax only on the portion of the gain that's attributable to the purchase of the annuity. So you can avoid some of the taxation you would have incurred had you sold the asset instead. Plus, you may generally spread any taxes that are due over your life and that of any other annuitant.

There are some estate tax advantages as well. If you are the sole beneficiary of the annuity, the full amount of the gift annuity will be excluded from your gross estate. Different rules govern two-life annuities and annuities for the benefit of someone other than yourself.

Gift annuities vary in payout style

Earlier, you learned the sole difference between the two gift annuity versions: the date the payments start. But that simple difference brings about broad ramifications, depending upon what you want to accomplish.

Example: You are 60. You give us \$10,000 in cash to fund an immediate-payment charitable gift annuity with yourself as the only beneficiary.

- You receive a \$3,351 income tax deduction.
- You are entitled to an annual payout of \$570 for

Our Year in Action!

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- **Getting Personal.** The fight to protect a woman's right to choose is about the lives of real women — and our Stop Abortion Bans! alert, drove home that point. Signed by a young woman from South Dakota, this alert helped pro-choice citizens from across the country understand that women in South Dakota share their pro-choice values.
- **Getting Active.** NARAL Pro-Choice America's Prevention First: Challenge for Common Ground put activists in the spotlight as they called on federal and state lawmakers to unite behind commonsense policies to prevent unintended pregnancy. This incredible display of grassroots activism exemplified the pro-choice community at its best — sensible, aware, and active.
- **Getting Local.** Reproductive freedom becomes a greater priority for voters when we demonstrate just how tenuous the right to choose has become in their states. Our interactive state report, Do you know the state of your state?, emphasizes this point, and encourages citizens to get involved.

Because of you, we were able to accomplish much this past year. Thank you for your interest and your generous support.



WHO INVITED THE PHARMACIST?

Nobody. Yet in 2005, 15 states considered legislation that would allow pharmacists or pharmacies to deny women access to their birth control. NARAL Pro-Choice America and its state affiliates are leading the fight to protect women's personal freedom and privacy.

JOIN US.
www.ProChoiceAmerica.org/states



the rest of your life. Of that amount, \$276 is considered a return of your initial investment and, accordingly, is tax free. The remaining \$294 is taxed as ordinary income.

- The full value of the gift is removed from your gross estate, and will not be subject to estate taxes at your death.

Let's use these same assumptions to compare the deferred gift annuity. **Example:** You are 60. You give us \$10,000 to fund a deferred gift annuity, with the payments scheduled to begin when you are 65.

- You receive a \$4,348 income tax deduction.
- You are entitled to an annual payout of \$760 for

the rest of your life. Of this amount, \$284 is considered a tax-free return of principal; \$476 will be taxed as ordinary income.

- The full value of the gift is removed from your gross estate.