

# The Charitable Gift Annuity

*A Smart Way to Give and Receive*



## More Attractive Than Ever

Many of our supporters benefit our programs through tax-wise gifts and benefit themselves with payments for life. If this sounds appealing, now may be the ideal time to explore the many advantages of our gift annuity program.

Barbara is a good example. Her husband, a long-time supporter, died three years ago. Now age 75, Barbara's main objective is to ensure her financial security. She has always wanted to make a substantial gift in her husband's memory, but feels that she simply cannot give away any assets without replacing the income they produce.

Barbara learned that she can transfer cash or appreciated property to us and receive dependable—and possibly favorably taxed—fixed payments for as long as she lives. What's more, she can even deduct a portion of the transfer on her income tax return.

A favorably taxed payout, immediate tax savings, the satisfaction of memorializing her husband in a significant way—these are the rewards Barbara can gain by participating in our gift annuity program.

## How a Gift Annuity Works for You

In exchange for your gift of cash or securities, we agree to pay a specified dollar amount to you (and/or another beneficiary) each year for as long as you (and/or another beneficiary) may live. In most cases, annuity payments are made on a quarterly basis, although other payment options are available.

The annuity payments are based on the age of the annuitant(s) at the time you make your gift. The table below shows the percentage we will pay at various age levels.

For example, if you are 70 years old and make a gift of \$100,000 to this program, we will agree to pay you an annuity of \$5,100 a year for as long as you may live. If you are 80 years old the payments will be \$6,800 per year.

### CHARITABLE GIFT ANNUITY INCOME PAYOUT RATES

Age	Rate
65	4.7%
70	5.1%
75	5.8%
80	6.8%
85	7.8%
90	9.0%

***Charitable gift annuity rates are subject to change. Please call our office for the latest rates, or for the rate for your actual age.***

## A Gift Annuity Saves on Income Taxes

A part of each and every annuity payment you receive will be taxable, but a portion will be free of income tax until you reach your life expectancy (as measured at the time you make your gift).

In addition, every gift made to our gift annuity program qualifies for an immediate income tax charitable deduction. The deduction generally is equal to the fair market value of the property transferred to us minus the present value of the annuity that the donor receives. Valuing the annuity depends on the number and age of the annuitant(s) and the monthly applicable federal rate (AFR). We will be happy to supply a free illustration for your specific circumstances.

## A Gift Annuity Creates Many Benefits

To see how a gift annuity creates benefits, consider the following example:

Robert, age 70, transfers \$100,000 cash to our gift annuity program in exchange for an assured lifetime annuity of \$5,100 a year. At his age and assuming a 2.4% AFR and annual payments, he can deduct over \$41,000 on his income tax return. If his federal income tax bracket is 33%, the charitable deduction will provide an immediate tax savings of about \$13,701 ( $\$41,518 \times 0.33 = \$13,701$ ). Factor in the \$13,701 tax savings and the net outlay for Robert is only \$86,299. What's more, \$3,773 of the \$5,100 annual payout will be tax free to Robert until he reaches the age of his life expectancy.

A gift annuity is truly a gift plan that can help you do more for yourself and still make a meaningful gift that will have an impact on our important work.

## Planning Tip

If a donor sets up a charitable gift annuity at a time when the AFR is low, the portion of the gift annuity payment that is tax free increases. For instance, Donald is 75 years old. He donates \$25,000 in cash to set up a charitable gift annuity. The gift annuity will pay him \$1,450 every year in annual payments. But what part of that gift annuity payment is tax free? Depends on the AFR:

- If the AFR is 2.4%, the tax-free portion is \$1,119 of \$1,450
- If the AFR is 5.0%, the tax-free portion is only \$939 of \$1,450

The AFR can be important. Be sure to contact our offices when considering a charitable gift annuity to learn the current rates.

## A Gift Annuity Is Flexible

*Who will get the income?* Arranging a gift annuity for yourself is only one of the possible beneficiary designations. If you are like many others, you may want to set up a gift annuity that will be paid to you and your spouse, or to another loved one, for life.

*Choosing the gift property.* You can transfer cash or securities to our gift annuity program. Funding your gift with appreciated securities can be an excellent means of minimizing capital gains taxes. If you own assets that are providing little or no income, giving that asset to our organization in order to set up annuity payments for life could be an option.

*Estate planning consideration.* Property transferred for a gift annuity that makes payments to you generally will not be subject to estate taxes at your death (unless you name someone else as a second beneficiary).

## Find Out More

A gift annuity gives you the opportunity to make a personal statement about your commitment to our work. It's nice to know you can make a difference in the lives of others while also making a difference in your own.

For more information about how you can benefit from a gift annuity, request a no-obligation, personalized illustration. This will spell out the potential tax and financial benefits associated with the particular contribution you are considering for our gift annuity program. We look forward to hearing from you about this exciting opportunity.

