

KEYS TO EFFECTIVE GIVING Charitable Gift Annuities

*“Linking Vision
with Ministry
Through Gift
Planning”*

Charitable Gift Annuities (CGAs) are life income gifts: you transfer assets now, receiving a charitable deduction for a portion of the transfer, and you or a beneficiary receives income for the rest of your life or a fixed period of time. Both you and ministries can benefit from a CGA.

The Basics of CGAs

With a CGA, you make a gift to the Foundation and the Foundation agrees to pay you a fixed amount of income every year for the rest of your life. Another beneficiary can also receive income from your CGA. In addition, you have the option to defer receiving income for a period of time.

The income received each year is equal to a fixed percentage of the original gift. This percentage is dependent upon the age of the beneficiary (or beneficiaries) at the time the CGA begins to pay out income.

Sample of Charitable Gift Annuity Rates for a Single Life **

Your Age	55	60	65	70	75	80	85	90+
% Rate of Annual Income	5.5	5.7	6.0	6.5	7.1	8.0	9.5	11.3

** These are sample rates that are subject to change

Upon the passing of the last surviving beneficiary, the Foundation will use any remaining annuity assets to support the ministry you designated when you established the CGA.

Several Tax Benefits

You can take the charitable deduction for a portion of the gift in the year you make the gift. A portion of the payments you receive each year may also be exempt from certain income taxes. You may even be able to reduce your capital gains tax by using long-term appreciated securities to make your gift.



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Charitable Gift Annuities



A CGA in Action

For a Single Individual

If you are age 68 and transfer \$20,000 to the Foundation for a CGA, you would receive guaranteed payments of \$1,260 each year, of which \$723.24 is tax free. This is based upon the 6.3% annuity rate for your age. The \$1,260 may be paid in one sum each year, or in installments throughout the year. You might save over \$2,000 in income taxes and it is estimated that you would receive \$23,436 in payments over the balance of your life. When factoring in the tax savings, the effective payout rate is 8.3%.

For a Married Couple

If you are married and your ages are 68 and 65, a transfer of \$20,000 to the Foundation would establish a CGA which produces guaranteed payments of \$1,140 each year, of which \$620.16 is tax free. This is based upon the 5.7% annuity rate for your ages. The \$1,140 payment may be paid in one sum each year, or in installments throughout the year. You might save over \$1,481 in income taxes and it is estimated that you would receive \$28,500 in payments over the balance of your life. When factoring in the tax savings, the effective payout rate is 7.5%.

** These figures are for illustration purposes only. Current annuity rates may differ.*



Request an Illustration

Please feel free to contact our office for a current illustration based on your individual age and gift or visit our web site for additional information.

This information reflects, in very general terms, how a gift might affect specified tax liabilities. This is not an effort to reflect your current tax picture or suggest that a particular gift will have the indicated result in your case; only your lawyer and accountant can do that. We suggest you consult your professionals before acting upon the concepts reflected here.