

Frequently Asked Questions — Charitable Gift Annuities

What Is a Charitable Gift Annuity?

A charitable gift annuity is a life income gift that benefits both the donor and the charity. The donor makes a one-time gift to the charity, and the charity agrees to pay a fixed amount every year for the lifetime of one or two designated individuals called the annuitant(s). The fixed amount is based on the age of the annuitant(s) at the time the gift is made. The donor also may take a charitable deduction for the part of his donation that is calculated as a direct gift to the charity.

How Does a Charitable Gift Annuity Work?

The donor makes an irrevocable gift to the charity with cash or an appreciated asset (often securities). The donor also selects the annuitant, who may be the donor or another person. In return for the gift, the charitable organization agrees to pay a fixed amount to the annuitant for life. Payments may be received quarterly, semiannually, or annually. There may be two annuitants (but no more) under a charitable gift annuity. The payout rate for two annuitants is lower than for a single annuitant.

What Tax Benefits Can I Expect From a Charitable Gift Annuity?

There are three potential tax benefits: One, in the year that the charitable gift annuity is set up, the donor may take an income tax charitable deduction based on the value of the actual gift to us. Two, a portion of the annuity payments may be income tax free until the annuitant reaches his or her life expectancy. Three, if

an appreciated asset is used to fund the charitable gift annuity, capital gains tax liability may be spread out over your life expectancy (if you name yourself as annuitant).

What Payout Rate Will I Get From a Charitable Gift Annuity?

The payout rate depends on the age of the annuitant at the time the gift is made: the older the annuitant, the higher the rate. Also, the rates are lower for a charitable gift annuity for two lives. Finally, the rates are higher for a deferred charitable gift annuity (where the date of first payment is delayed for a specified number of years). We can provide you with our current rates.

Why Are Charitable Gift Annuities So Popular Today?

Charitable gift annuities provide many people the opportunity to make a meaningful gift that might not otherwise be possible.

Charitable gift annuities are arrangements backed by the general assets of our organization and provide regular payments for life. Since gift annuities are age dependent, many donors set up several charitable gift annuities over time to possibly take advantage of a higher payout rate – a good way to supplement their retirement plans. Easy to set up, the charitable gift annuity is a simple and effective tool for charitable giving and retirement planning.