

THE NEED

A donor wants to make a gift to charity and receive fixed income for the future.

THE SOLUTION

Donor and charity enter into a charitable gift annuity agreement.

THE BENEFITS

Fixed Payments for Life

Fixed payments to one or two individuals for life.

Tax-Free Payments

A portion of each payment may be tax free.

Rates by Age

Payout rates are based on the annuitant's age.

Tax Deduction

Donor receives a federal income tax deduction.

THE DONOR

Person who desires fixed payments for life. Beneficial for persons with cash or appreciated property that produces little or no income.

GIFT ANNUITY

An agreement through which a donor makes a gift of cash or property and a charity agrees to make fixed payments for one or two individuals.

THE DETAILS

A Charitable Gift Annuity (CGA) is a contract between a donor and a charity. In exchange for a gift of cash or property, the charity agrees to make fixed payments to the donor for the remainder of his or her life.

Duration

A donor gives cash or appreciated property to charity. In exchange, the charity makes fixed payments for the lifetime(s) of one or two individuals.

Payout Rate

Gift Annuity payments are based on a rate schedule. Many charities use rates set by the American Council on Gift Annuities (ACGA). Under the ACGA's rates, the older the age of the person receiving the gift annuity payments, the higher the rate.

Taxation of Payments

A predetermined portion of each gift annuity payment is tax free, and the remaining amount of each payment is taxable at either capital gain or ordinary income tax rates.

Timing

A Gift Annuity contract can begin making payments immediately (a Current Gift Annuity) or defer payments for at least one year (a Deferred Gift Annuity).

