

FACT SHEET - CHARITABLE GIFT ANNUITY

A **Charitable Gift Annuity** is an agreement between you, the donor, and _____ which is mutually beneficial. It is a wonderful way to create an income stream for yourself and/or a loved one while committing a significant future gift to _____.

In return for your gift to _____, you, and/or a person chosen by you, will be paid a fixed annual amount of income in either monthly, quarterly, bi-annual, or annual installments. A portion of the gift qualifies for an income tax charitable deduction in the year the annuity is established, thereby reducing your current income taxes, and the full value of the gift is removed from your estate. In addition, part of the annuity payment may be received as tax-free income.

Income beneficiaries must be at least age 65. If you are younger than 65, deferred annuities are available at even higher annual payouts to build a supplementary tax-advantaged retirement plan. Joint two-life annuities are also available that provide income for both you and another person, for both of your lives.

If you are already age 65, you will start to receive annuity income immediately, based on an annuity rate applicable to your age as of the date of the agreement. Some typical gift annuity rates are as follows:

CGA Rates 2023

One Life		Two Lives	
Age	Rate	Ages	Rate
65	5.4%	65/70	4.9%
70	5.9%	70/75	5.5%
75	6.6%	75/80	6.1%
80	7.6%	80/85	7.0%
85	8.7%	85/90	8.3%
90+	9.7%	90+/91+	9.5%

For example, a donor, age 72, enters into a Charitable Gift Annuity Agreement with _____ by making a gift of \$20,000 cash. Based on a typical annuity rate of 6.2% for a person age 72, the donor receives income payments of \$1,240 in each full year for the rest of his or her life in quarterly payments of \$310 each quarter. A portion of each payment to the donor is ordinary income and a portion is tax-free. In this example, \$748 of the \$1,240 annual annuity amount will be tax-free for the first 14 ½ years of the annuity. In addition, the gift provides the donor with a current income tax charitable deduction of approximately \$9,152,

and the full value of the \$20,000 gift is removed from the donor's estate for estate tax purposes.

As you can see, the Charitable Gift Annuity enables you to enjoy substantial financial benefits and serves as an attractive alternative to the low-yielding investments that are otherwise currently available.

Advantages of a Charitable Gift Annuity:

- **Guaranteed annual income.**
- **No capital gains are taxed at the time that appreciated securities or property are gifted.***
- **Portion of income may be tax-free.**
- **Current charitable income tax deduction.**
- **Reduction of estate taxes.**
- **Opportunity to make a significant gift to _____.**

New Funding Opportunity with IRA Funds

The Legacy IRA Act - included in the recently passed Omnibus legislation - is a special provision that offers supporters of _____ the ability to fund a charitable gift annuity with a tax-free distribution** from their IRAs.

A charitable gift annuity is a fully guaranteed lifetime annuity – backed by assets of the issuing charity – that provides you and/or your spouse fixed annual payments for life at very attractive rates, with any remaining funds after your passing used to establish your legacy gift to _____.

This new law currently only allows individuals to fund a charitable gift annuity with IRA funds once, and only for up to \$50,000. Note, you can always create a charitable gift annuity with non-IRA funds or stock – minimum funding amount being \$20,000.

To learn more about this new opportunity, please contact....., for more information and for a personalized gift illustration how this giving option can help you save taxes and create your legacy.

***A portion of capital gains avoided at the time of the gift will be spread out over the life expectancy of the donor(s).**

****While the distribution from the IRA is not taxed, all annuity payments from the gift annuity will be taxes as ordinary income.**