

Questions About Charitable Gift Annuities

A Gift That Lives With You

More and more people are discovering the surprising benefits of making charitable gifts in the form of charitable gift annuities. Gift annuities can help meet the needs of those who wish to give but want to make certain they have first provided for their financial needs and those of their loved ones.

Giving in this way can offer you a way to further causes you believe in while benefiting from one or more of the following:

- Lifetime payments that may be partially tax-free or taxed at lower rates than other income
- Income, gift and estate tax savings
- Favorable tax treatment for capital gains

Read on for answers to some of the frequently asked questions about gift annuities.

Answers to Frequently Asked Questions

Q. What is a gift annuity?

A. A gift annuity is an agreement between an individual and a charitable organization. The donor transfers assets to fund their gift annuity and receives fixed payments for the rest of his or her lifetime and/or the lifetime of another person.

Q. Are there tax benefits?

A. Yes. There can be a combination of income, capital gains and estate tax savings. We will be happy to provide you with a complimentary illustration.

Q. What determines the size of each payment?

A. A number of factors, including the amount used to fund your gift annuity and your age at the time the annuity is created.

Q. Why does my age affect the rate of payment I receive?

A. Part of the amount you transfer is returned to you over your life expectancy, which changes with age. Generally, the older you are when your gift annuity begins, the higher your rate of payment.

Q. Does that mean my payments change from year to year?

A. No, your rate of payment on a particular gift annuity agreement is set when your annuity begins. But if you give for additional gift annuities — as many people do — the rate will normally be higher for annuities in subsequent years.

Q. What if I outlive my life expectancy?

A. The gift annuity agreement requires that payments will be made for as long as you and other income recipients live.

Q. Are the payments affected by interest rates or economic fluctuations?

A. No. The payment amount for a particular annuity remains the same, regardless of changes in interest rates or other economic conditions. All of the net assets of the charitable organization stand behind your agreement.

Q. Can I provide for another person through a gift annuity?

A. You can designate a loved one to receive the payments either with you, instead of you or only following your death. This can result in a double gift — one to the charitable entity and another to a relative or special friend.

Q. Can I give stocks, bonds or other securities rather than cash to fund a gift annuity?

A. Yes. If you give a low-yielding asset that has increased in value to fund a gift annuity, you may also be able to

increase your income since a gift annuity may pay more and be taxed more favorably than other income. There can be additional tax benefits if the securities have increased in value because you will reduce and/or delay capital gains tax that would be due if you sold the property.

Q. Will a gift annuity be part of my estate?

A. Not generally. If payments are made to you only, the gift portion goes directly to the charitable recipient, thus avoiding estate taxes and probate costs. Some gift or estate tax may be due if payments are made to a person other than a spouse.

Q. How can I begin a gift annuity?

A. A gift annuity can be created with a minimum of effort. Contact us for an exact illustration of benefits for a person your age.

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