

More Information About Gift Annuities

Charitable gift annuities are a very flexible way to make a gift to a charitable organization. They can be designed to provide a fixed income for life for you and/or others you choose. They are easy to create and can be funded with gifts of relatively modest amounts.

Example for One Person

Maureen Davis, 70, decides to give \$10,000 for a gift annuity agreement on September 15, 2021. The payment rate based on age is 4.7%, or \$470 for life. Because of the charitable gift portion of the annuity, there will be a tax deduction of \$3,981 allowed for the year of the gift.

In addition, \$379 of each annual payment will be received free of tax for the first 15.9 years that payments are received.

The amount of the gift annuity is also removed from a donor's probate and taxable estates, in many cases resulting in additional savings.

To summarize, Maureen Davis has:

- Transferred \$10,000 in exchange for an income for life.
- Arranged for payments that will total 4.7% of the gift amount annually, which is \$470 per year.
- Eliminated tax on \$379 (about 81% of the payments) for the first 15.9 years they are received.
- Made a gift that results in an immediate charitable income tax deduction of \$3,981.
- Ensured the amount used to fund the gift annuity will not be subject to estate tax or probate expenses.



[Return to Basic Version](#)

NOTE: This calculation is provided for educational purposes only. The type of assets transferred, the actual date of the gift, and other factors may have a material effect on the amount or use of your deduction. You are advised to seek the advice of your tax advisors before implementing a gift of this type.

Example for Two People

Your rate for a **one-life** gift annuity at age 70 will be **4.7%**

Enter age for a second person here (1/1/1940) and see the **two-life** rate for ages 70 and 82. Your rate for a two-life gift annuity will be **4.5%** and your income tax deduction will be \$3,735.

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