

More Information About Deferred Gift Annuities

Deferred Charitable Gift Annuities are a very flexible way to make a charitable gift as part of your long term financial plans. They can be designed to provide a fixed income for life for you and/or others you choose. They are easily created and can be funded with gifts of relatively modest amounts. Deferred gift annuities delay payments until a future date. The timing of the receipt of payments is determined by the donor based on anticipated future income needs.

Example for Two People

Jane, age 72 and 52 respectively, are still in their peak earning years and what they believe will be their highest tax bracket. They had planned to include a significant charitable gift as part of their estate plans. They also wish to assure they will enjoy adequate retirement income in the future.

Jane decide to transfer \$50,000.00 to fund a deferred gift annuity agreement that will make payments to them starting on 5/1/2027. They receive an income tax charitable deduction of over \$28,000 this year, which helps offset income taxes today. When annual payments begin, they will be **6.9%** of the amount donated, or \$3,450. The payments will continue for both of their lifetimes.

Jane plan to create another deferred gift annuity each year until retirement. They are thus able to make substantial and much appreciated charitable gifts while they help build future economic security using funds that they had already planned to eventually leave to charity through their estate.

- Amount transferred to charity - **\$50,000**
- Annual payments beginning at on **5/1/2027** for life in the amount of **\$3,450**
- Immediate income tax charitable deduction - **\$28,285**



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The assumed date of transfer for this example is September 15, 2021. This example has used the August 2021 IRC Section 7520 discount rate of 1.2% to optimize the charitable deduction.

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.

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