



## CHARITABLE GIFT ANNUITY - FACT SHEET

A **Charitable Gift Annuity** is an agreement between you, the donor, and the Fellowship Community 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 the Fellowship Community.

In return for your gift to the Fellowship Community, 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 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: Age 75, 5.4%; Age 80, 6.5%; Age 85, 7.6%; Age 90 and over, 8.6%. Two-life annuity rates are based on joint life expectancies and are typically lower than single-life annuity rates.

For example, a donor, age 75, enters into a Charitable Gift Annuity Agreement with the Fellowship Community by making a gift of \$20,000 cash (minimum gift size). Based on an annuity rate of 5.4% for a person aged 75, the donor receives income payments of \$1,080 in each full year for the rest of his or her life in quarterly payments of \$270 each quarter. A portion of each payment to the donor is ordinary income and a portion is tax-free. In this example, \$885 of the \$1,080 annual annuity amount will be tax-free for the first 12.4 years of the annuity. In addition, the gift provides the donor with a current income tax charitable deduction of approximately \$9,016, 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.\***
- **A portion of income may be tax-free.**
- **Current charitable income tax deduction.**
- **Reduction of estate taxes.**
- **Opportunity to make a significant gift to the Fellowship Community.**

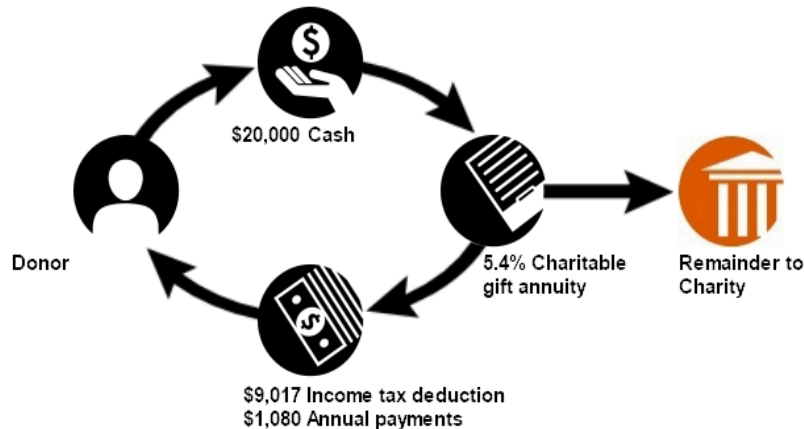
\*A portion of capital gains avoided at the time of the gift will be spread out over the life expectancy of the donor(s).

### **CHARITABLE GIFT ANNUITY EXAMPLE ILLUSTRATION**

<b>ASSUMPTIONS:</b>	
Annuitant Age	75
Cash Donated	\$20,000.00
Payout Rate from ACGA2020A Table	5.40%
Payment Schedule	quarterly
	at end
<b>BENEFITS:</b>	
<b>Charitable Deduction</b>	<b>\$9,016.80</b>
<b>Annuity</b>	<b>\$1,080.00</b>
Tax-free Portion	\$885.60
Ordinary Income	\$194.40

After 12.4 years, the entire annuity becomes ordinary income.

#### CHARITABLE GIFT ANNUITY EXAMPLE ILLUSTRATION



#### **Benefits**

##### **Immediate**

Income tax deduction of \$9,017.

##### **Annual**

Annual payments of \$1,080 for life of annuitant, age 75, with \$886 tax-free for the first 12.4 years.

##### **Future**

Charity will receive remaining principal when annuity ends. May reduce estate taxes and costs.

To learn more about our Planned Giving program and Charitable Gift Annuities please contact Tari Steinrueck, Director at [tari.steinrueck@fellowshipcommunity.org](mailto:tari.steinrueck@fellowshipcommunity.org) or 845-356-8494 ext. 1136.