

Q. Can a gift annuity also provide an income for a surviving spouse?

A. Yes. Many couples have gift annuities that will make payments for as long as either of them lives. Payments can also be made to an additional person other than a spouse.

Q. Can a gift annuity for one person be changed later to benefit two people?

A. No. The number of people receiving payments must be decided at the time the annuity is funded.

Q. Can the second person named to receive payments be changed?

A. No. However, it may be possible to cancel payments to the second recipient.

If you don't need income now

With a **deferred gift annuity**, you make your gift today and receive payments starting at a future date of your choosing. This can be especially attractive because rates are typically higher when payments are delayed.

And, like a regular payment gift annuity, a deferred gift annuity allows you to enjoy an income tax deduction today. In most cases, the deduction for a deferred gift annuity will exceed one where payments begin immediately.

Taxes

Q. How much of my annual payment will be free from income tax?

A. This depends on the payment rate, the age(s) of the person(s) receiving payments when the annuity is created and other factors. The older the payment recipient(s), the greater the tax-free amount of each payment.

Q. What if the gift portion of my annuity is more than I can deduct on my income tax return for the year of my gift?

A. You can make use of the extra deduction for up to the next five tax years.

Q. If I use assets that have increased in value to fund a gift annuity, do I avoid tax on the capital gain?

A. Any amount payable will be due over your life expectancy, so you may not have to pay part of the capital gains tax. Another benefit is the ability to report the capital gain amount free of tax or at what may be lower tax rates than you pay on other income. Special rules may apply if someone other than you receives payments.

This code provides additional information to assist you in your planning or to share with your advisors.



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Q. Is the amount of my gift annuity subject to federal gift and estate taxes?

A. Federal gift and estate taxes are typically not a consideration because of the generous exemptions made available through tax law changes in recent years. Amounts used to fund gift annuities are not generally subject to estate tax.

Funding your gift annuity

- An IRA. As part of the *Consolidated Appropriations Act, 2023*, those 70½ or older have the option to make a one-time election to contribute up to \$55,000 from an IRA to a charitable gift annuity, to be treated as a qualified charitable distribution. Certain restrictions apply.
- Cash or the proceeds from the maturity of bonds, certificates of deposit and other investments or an inheritance.
- Appreciated securities held over a year. Your deduction is calculated on the current fair market value of the stock, not on your cost basis, and a large part of your gain is avoided, with the rest reportable over your life expectancy.
- Retirement funds. Using your required minimum distribution (RMD) can reduce the amount of tax due on those withdrawals and still provide additional income for retirement.

More information

We are happy to provide additional information about charitable gift annuities with no obligation. Check with your advisors before funding a charitable gift annuity to determine current laws that may be applicable in your circumstances.



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The purpose of this publication is solely educational, namely to provide general gift, estate, financial planning and related information. It is not intended as legal, accounting or other professional advice, and you should not rely on it as such. For assistance in planning charitable gifts with tax and other implications, the services of appropriate and qualified advisors should be obtained. Consult an attorney for advice if your plans require revision of a will or other legal document. Consult a tax and/or accounting specialist for advice regarding tax- and accounting-related matters. Payment rates shown are suggested by the American Council on Gift Annuities. © Copyright MMXXVI by Sharpe Group. All Rights Reserved. GTGA-26



GIVING THROUGH GIFT ANNUITIES

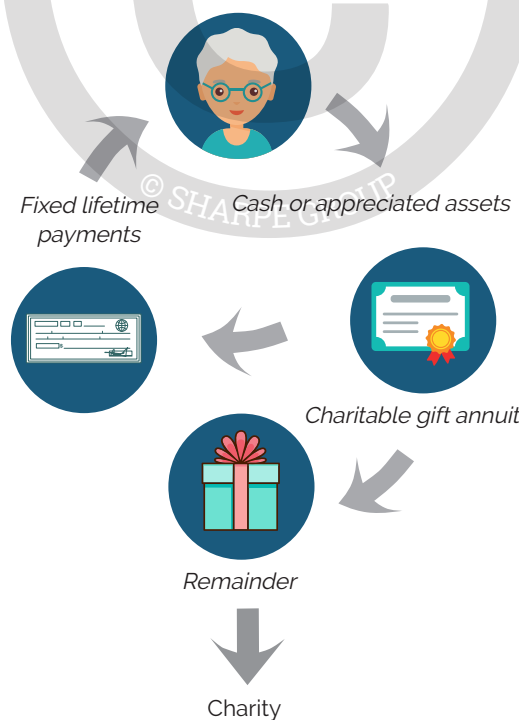


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Logos can be full color.

The charitable gift annuity is a way to make a gift while receiving attractive payments and tax benefits in return, which can help preserve or even enhance your current and future financial well-being.

How do gift annuities work?

After making a gift of cash or other appropriate property, you and/or others receive generous fixed payments for life. The amount and frequency of payments are determined at the time the gift annuity is established, and the payment rate never changes.



Generous tax savings

Because a portion of a gift annuity will be used for charitable purposes, itemizers are entitled to a federal, and perhaps state, income tax deduction in the year of the gift. In addition, part of each payment may be received free of income tax or taxed at lower rates than other income for a period of time.

For a \$25,000 gift annuity*		
Age	Payment rate	Annual lifetime payment
70	6.3%	\$1,575
80	8.1%	\$2,025
90	10.1%	\$2,525

*For illustrative purposes only.

The amount used to fund a gift annuity may also be free of state and federal gift and estate taxes, if applicable.

Increased cash flow

A gift annuity allows you to receive attractive fixed payments for life. In addition to earnings on annuity funds, payments include a return of part of the amount used to fund your annuity.

For those who would like an additional source of retirement income while also supporting their charitable interests, the gift

annuity can be a very wise choice. As payment rates generally increase with age, annuities are appealing for many when making their retirement plans.

About gift annuity rates

Gift annuity payment rates are reviewed periodically and are subject to change. Age, investment return assumptions, the number of payment recipients and other factors are considered when determining payment rates and tax benefits.

Once payments commence, your payment rate will never change.

Gift annuity rates for one person*	
Age	Rate
90+	10.1%
85	9.1%
80	8.1%
75	7.0%
70	6.3%

*Contact us for an illustration based upon another age.

A few questions and answers

- Q.** How often are annuity payments received?
- A.** Typically, gift annuity payments are received quarterly. Other arrangements are possible.

Q. How are gift annuity rates determined?

A. Rates are based on age as well as other assumptions, including a recipient's life expectancy.

Q. Does the rate fluctuate with the stock market or interest rates?

A. No. The payment amount is decided when a gift annuity is set up.

Q. If I fund a gift annuity, can I withdraw the funds later?

A. A gift annuity agreement is a permanent transfer in order to qualify for attractive tax and other benefits.

Q. What assets can be used to fund a gift annuity?

A. Cash or other property such as stocks, bonds or mutual funds may be used to fund a gift annuity. Payments may be greater than amounts of income currently being received from low-yielding assets.

Q. Is a gift annuity a type of trust?

A. No. A charitable gift annuity is a contract between the donor(s) and the charitable recipient. Payments are backed by all available assets of the charity.

Q. Can I arrange for gift annuity payments for someone else?

A. Yes. Payments from a gift annuity can make a wonderful gift for a relative or friend.

Q. Can I fund more than one gift annuity?

A. Yes. Many people have more than one gift annuity. In fact, you may wish to create additional gift annuities and enjoy higher rates for the subsequent ones.

Gift annuities for two people

Q. How many people can enjoy payments from one gift annuity?

A. Up to two people can benefit. Any two people may establish an annuity contract together. They don't have to be related.

Q. Is there a difference between the rate for one person and two people?

A. The rate is lower when two people receive payments because more than one person will benefit for what is likely to be a longer period of time.

Gift annuity rates for two people*	
Age	Rate
90/90	9.8%
85/85	8.1%
80/80	6.9%
75/75	6.2%
70/70	5.5%

*Contact us for illustrations based on other age(s).