

Charitable Gift Annuities

at The Community Foundation of Western North Carolina

Planned Giving Options

A Charitable Gift Annuity is a great way to make a substantial gift and receive tax advantages now, and enjoy annual annuity payments and additional tax benefits throughout your lifetime.

What Is a Charitable Gift Annuity?

A Charitable Gift Annuity is a lump-sum gift to The Community Foundation, from which donors or their designated beneficiaries receive annual payments, determined by the amount of the gift, age(s) of the beneficiary(ies), and annuity rates in effect at the time of the gift. Once the beneficiary(ies) are deceased, the remainder of the annuity is added to an endowed fund at The Community Foundation, created or selected by the donor.

What Are the Advantages?

- Although most donors name themselves as annuity beneficiaries, payments from your gift can provide income for anyone: you, your spouse, another relative or a friend.
- You determine when to begin receiving annuity payments, either when the annuity is established or at a future date.
- Because annuity payments are fixed over the term of the annuity, regardless of changes in the economy, you'll have a stable source of income.
- Annuities provide an immediate tax deduction for the year in which they are created, or you can carry the deduction forward for up to five years. Annuities also can help avoid capital gains taxes when funded with appreciated property.

- Annuities funded with low-yield assets can often increase the current income you receive on those assets.
- Payment of your annuity is backed by the assets of The Community Foundation, currently totaling over \$150 million.

What Can I Give?

You may create a Charitable Gift Annuity with cash or readily marketable securities, such as stocks, bonds, or mutual funds.

A Charitable Gift Annuity is a Good Choice if:

- You want to leave a permanent legacy for the community but generate income for yourself or others in the near term.
- You want to use assets in a way that simultaneously addresses charitable objectives, income requirements and tax avoidance strategies.
- You want to help support a family member (such as an aging parent) while fulfilling charitable objectives.

Please note, beneficiaries must be aged 60 or over before annuity payments can begin.

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How do I Create a Charitable Gift Annuity?

Creating a Charitable Gift Annuity is a contract between you and The Community Foundation and requires only a simple agreement to establish. Contact Sheryl Aikman, Vice President of Development, at 828-254-4960 and we will create your agreement and handle all the details.

While you do not need the services of an attorney to establish a gift annuity, we encourage you to consult with your legal and/or financial advisors to ensure that a Charitable Gift Annuity is a good fit for achieving your overall financial and estate planning goals.

Examples

Peter, age 72 and his wife, Jane, age 70, contribute \$25,000 in cash to The Community Foundation for a gift annuity, naming themselves as the beneficiaries. As long as either of them lives, they will receive payments of \$1,325 per year (an annuity rate of 5.3%). For the duration of their life expectancy, \$909 of their annual payments will be tax-free. They will also receive a charitable deduction of \$7,105 (based on a federal discount rate of 3%).

Anne, age 75, contributes \$100,000 of securities (with an original cost of \$25,000) to The Community Foundation for a gift annuity and names herself as the beneficiary. With an annuity rate of 6.5%, she receives fixed, guaranteed payments of \$6,500

per year as long as she lives. For the duration of her life expectancy, \$1,177 of her annual payments will be tax-free; \$3,530 will be taxed as capital gain; and \$1,794 at ordinary income rates. She also receives a charitable deduction of \$41,623 (based on a federal discount rate of 3%).

John, age 57, wants to help support his mother, Faye, age 78, who lives on a modest fixed income in John's boyhood home. Because of escalating property values, property taxes on Faye's home total \$4,000 each year – a significant financial burden for her. John establishes a Charitable Gift Annuity at The Community Foundation with a \$60,000 gift, naming Faye as the beneficiary. John takes an immediate tax deduction for his gift, and Faye received a guaranteed yearly payment of \$4,200 for as long as she lives. For the duration of her life expectancy, \$3,129 of her annual payments will be tax-free; and \$1,071 will be taxed at ordinary income rates.

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