



Charitable Gift Annuities: Frequently Asked Questions

Unity Foundation of La Porte County

Paying it Forward: Philanthropy Matters

What is a charitable gift annuity?

A charitable gift annuity is a *life income gift* that benefits both you and the charity. You make a one-time gift to the charity, and the charity agrees to pay a fixed amount every year for the lifetime of one or two designated individuals called the annuitant(s). The fixed amount is based on the age of the annuitant(s) at the time of the gift. You also may take an itemized deduction for the part of the donation that is calculated as a direct gift to the charity.

How does a charitable gift annuity work?

You make an irrevocable gift to the charity with cash or appreciated assets (often securities). You also select one or two annuitants (you may be an annuitant). In return for the gift, the charitable organization agrees to pay a fixed amount to the annuitant for life. Payments may be received quarterly, semiannually, or annually.

What tax benefits can I expect from a charitable gift annuity?

There are three potential tax benefits:

1. In the year you set up the charitable gift annuity, you qualify for an income tax charitable deduction based on the value of the actual gift to us.
2. A portion of the annuity payment is typically income tax free until the annuitant reaches life expectancy.
3. If you fund the charitable gift annuity with an appreciated asset, you can spread out capital gains tax over your life expectancy (if you name yourself as annuitant).

What payout rate will I get from a charitable gift annuity?

The payout rate depends on the age of the annuitant at the time the gift is made: the older the annuitant, the higher the rate. Also, the rates are lower for a charitable gift annuity based on two lives. Finally, the rates are higher for a deferred charitable gift annuity (when the date of first payment is delayed for a specified number of years). We can provide you with the current rates.

Why are charitable gift annuities so popular today?

Charitable gift annuities can provide the opportunity to make a meaningful gift that might not otherwise be possible.

Because the payout rates we offer for charitable gift annuities increase for older annuitants, you might consider setting up several charitable gift annuities from year to year. It is a way to take advantage of a higher payout rate, supplement retirement plan income, and continue to support our organization.

Easy to set up, charitable gift annuities are a simple and effective tool for charitable giving and retirement planning.



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Your community foundation received accreditation from the National Standards for U. S. Community Foundations. In partnership with the Community Foundation Committee of the Indiana Philanthropy Alliance, your community foundation is pleased to provide this information to you.

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