Charitable Gift Annuities

As its name suggests, a charitable gift annuity consists of two elements:
1) An outright charitable gift; and
2) The purchase of a fixed income annuity contract

Payments can begin immediately or can be deferred for a period determined by the donor and set forth in the annuity contract. The payment period can be measured by one annuitant's life (who in most cases is the donor) or by the lives of two joint and survivor annuitants (who are usually husband and wife). Charitable gift annuities are not issued for a fixed term of years.

Determining the Annuity Amount

The annuity rate is stated as a percentage that, when multiplied by the net fair market value of the amount transferred, determines the annual amount payable to the annuitant. The annual amount can then be paid annually, semi-annually, quarterly, monthly or as otherwise set forth in the annuity agreement.

Example 1: Mr. Jones, age 70, transfers $100,000 on January 1, 2008 to a charitable organization in exchange for a single life immediate charitable gift annuity. The suggested ACGA annuity rate corresponding to his age is 6.5%. Mr. Jones will receive $6,500.00 per year.

Example 2: Mr. and Mrs. Jones, both age 70, transfer $100,000 on January 1, 2008 to a charitable organization in exchange of a joint and survivor life immediate payment charitable gift annuity. The annuity rate corresponding their ages is 5.9%. Mr. and Mrs. Jones will receive $5,900.00 per year as long as at least one of them survives.

Deferred Payment Gift Annuity Rates

With a Deferred Payment Gift Annuity (DPGA), the annuitant(s) start receiving payments at a future time, the date chosen by the donor, which must be MORE than one year after the date of the contribution. As with Immediate Gift Annuities, payments can be made monthly, quarterly, semi-annually or annually.

Questions?
Contact Heather Graves, Chief Development Officer at 630-593-5479 or **hgraves@marklund.org**
Or…
Contact your attorney or financial planner for more details!