



Battle Creek Community Foundation

www.bccfoundation.org • (269) 962-2181

A GUIDE TO GIFT ANNUITIES

What is a Charitable Gift Annuity?

A Charitable Gift Annuity is a way to make a gift to your favorite charity, and receive an income for yourself or others. It is a contract under which a charity, in return for a transfer of cash or other property, agrees to pay a fixed sum of money for a period measured by one or two lives. The person who contributes an asset for the annuity is called the “donor,” and the person who receives payments is called the “annuitant” or “beneficiary.” The maximum number of annuitants is two, and payments can be made to them jointly or successfully.

For more information or to review a proposal based on your situation, call Lynn Ward Gray, development officer at the Community Foundation, at (269) 962-2181.

Who Might Benefit From a Charitable Gift Annuity?

Most Charitable Gift Annuity donors are retired, want to increase their cash flow, seek the security of guaranteed payments, and would like to save taxes. A Charitable Gift Annuity could be right for people in any of the following circumstances:

- The interest rates on their CDs and other fixed-income investments have declined, and they would like to increase their cash flow.
- They own appreciated stock or mutual fund shares and have considered selling some of the shares and reinvesting the proceeds to generate more income, but they don't want to pay tax on the capital gain.
- They would like to count on fixed payments, which are unaffected by interest rates and stock prices and which they cannot outlive.
- They want to assure continuation of payments to a surviving spouse without the delay of probate proceedings.
- They would like to provide financial assistance to an elderly parent, a sibling, or other person in a tax-advantaged manner.

Current Gift Annuity Donor



Elizabeth purchased stock many years ago, and the stock has appreciated substantially. Because of the fluctuating markets, she desired to sell her stock. However, she wanted to avoid paying high capital gains tax. Elizabeth called us and discovered that she could transfer her stock in exchange for a charitable gift annuity. She could begin receiving income now, take a

current charitable deduction and avoid capital gains tax on the gift. Best of all, a portion of her income would be tax free. Elizabeth decided to transfer her appreciated stock in exchange for the gift annuity and was delighted with the resulting fixed lifetime payments.

Deferred Gift Annuity Donor

David was an executive in property management. He recently sold a rental property and was looking to invest the proceeds from the sale. He enjoyed his job and was not ready to retire, but was interested in investment options that would provide income for the future. David was on our board and wanted to help us further our work. Our development staff shared that a deferred gift annuity would meet his goals. David could fund a deferred gift annuity and receive an immediate charitable tax deduction. He could begin taking payments at a fixed date in the future or be flexible with his retirement date.

David decided to set up the deferred gift annuity and received an immediate charitable tax deduction.



Sample Gift Annuity Rates

AGE	RATE
70	5.1%
75	5.8%
80	6.8%
85	7.8%
90	9.0%

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