

# Charitable Gift Annuity



A **charitable gift annuity** allows you to arrange a generous gift to your favorite charitable causes, while providing for yourself a new income source you can rely on for the rest of your life.

## Giving with a charitable gift annuity may be appropriate if ...

- You want the security of fixed, dependable payments for life.
- You would like an immediate charitable deduction and partially tax-free income.
- You are considering a gift of \$10,000 or more.

## How does a gift annuity work?

A gift annuity is a simple arrangement through which, in exchange for assets valued at \$10,000 or more, the Foundation will make fixed, guaranteed annuity payments to you and/or a loved one for life. After all lifetime payments have been made, the Foundation will use the balance of your gift to support the educational causes you select.

## What benefits will I enjoy?

Simplicity and security are the hallmarks of a gift annuity. You and/or a loved one will receive fixed income for life, with those payments guaranteed by the Foundation. Payment rates are based solely on age, not on health or family history, and may exceed current returns on stocks, bonds or CDs for older individuals.

For example, you will enjoy a rate of:

- 4.7% if you are age 65;
- 5.8% if you are age 75;
- 7.8% if you are age 85; and
- 9.0% if you are age 90 or older

Rates are slightly lower when payments are made to two individuals (e.g., to you and your spouse).

Payments may be deferred to a later date – perhaps your target retirement date, when you might need or want additional income. The longer that deferral period, the higher the rate the Foundation can offer. For example, if you establish a gift annuity at age 60, your payment rate would be:

- 4.4% if payments begin immediately;
- 5.5% if you defer payments to age 65;
- 7.0% if you defer payments to age 70; and
- 9.3% if you defer payments to age 75.

Once your annuity is established, the rate will not change, regardless of investment performance or market conditions. You may claim a charitable deduction immediately upon making your gift. The value of your deduction will be based on the value of the assets you transfer, the annuity rate and the life expectancy of those receiving the payments. If you give appreciated assets, such as securities, you may also reduce your capital gains tax liability and may spread the remaining taxable gains over several years. Further tax savings will be seen on an annual basis, as a portion of the annuity payments will be tax-free. Perhaps the greatest benefit is the peace of mind you will enjoy, knowing that the Foundation will use the assets remaining when annuity payments cease to support your favorite educational causes.

## How do I establish a gift annuity?

A gift annuity requires a simple two-page agreement. It describes the assets you will be transferring to the Foundation, the lifetime payments the Foundation will make to you and/or a loved one, and the charitable causes to be supported after all payments are made. The Foundation will prepare this agreement for you at no cost, and will make the appropriate arrangements for the annuity payments to be deposited in your (or another's) bank account on the schedule that you select.

## How a gift annuity works:

1. You transfer securities, cash or other property to Foundation.



2. Foundation pays a fixed amount each year to you and/or a loved one for life.



3. When the gift annuity ends, the remaining assets improve the community by supporting educational causes you selected.

*Please contact Julie or Lori at the AEF office at 920-832-1517 if we can assist you in reaching your charitable goals.*

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[www.appletoneducationfoundation.org](http://www.appletoneducationfoundation.org)

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