

Charitable Gift Annuities

Frequently Asked Questions



What is a charitable gift annuity?

A charitable gift annuity (CGA) 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 one or two designated individuals (the annuitants) a fixed amount every year for life. The fixed amount is based on the age of the annuitant(s) at the time of the gift. A charitable gift annuity is considered part gift and part annuity, and you qualify for an itemized deduction for the gift portion.

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(s) for life. Payments may be received quarterly, semiannually, or annually.

What tax benefits can I expect from a CGA?

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 CGA?

We are happy to provide you with the current rates. In general, the payout rate depends on:

1. The age of the annuitant at the time of the gift (the older the annuitant, the higher the rate)
2. The number of annuitants (an annuity based on one life will have a higher rate than one based on two lives)
3. The start date of annuity payments (the longer the start date is deferred, the higher the rate)

Can I fund a CGA with retirement assets?

Yes. If you are an IRA owner age 70½ or older, you can make a one-time, tax-free distribution up to \$53,000 (in 2024) directly from your IRA to create a new charitable gift annuity. There is no deduction available, but the distribution counts toward your required minimum distribution if one is due. If you are married, you and your spouse can make distributions from your individual IRAs and combine them into a single joint-life CGA. Keep in mind that payments from such a CGA can only go to you and/or your spouse and are taxed as ordinary income.

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 increase for older annuitants, you might consider setting up several charitable gift annuities over the years. 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.