

# Charitable Gift Annuity

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**Prepared For**  
**Joe Donor**

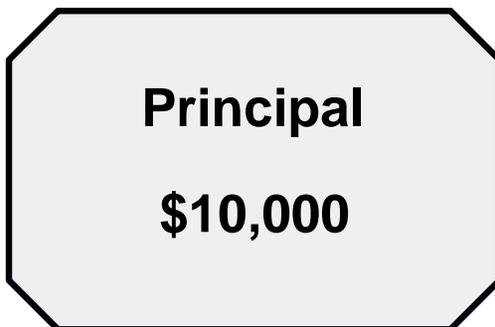
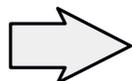
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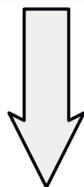
# Charitable Gift Annuity

Joe Donor - Age 70

5.10% Annuity



One Life



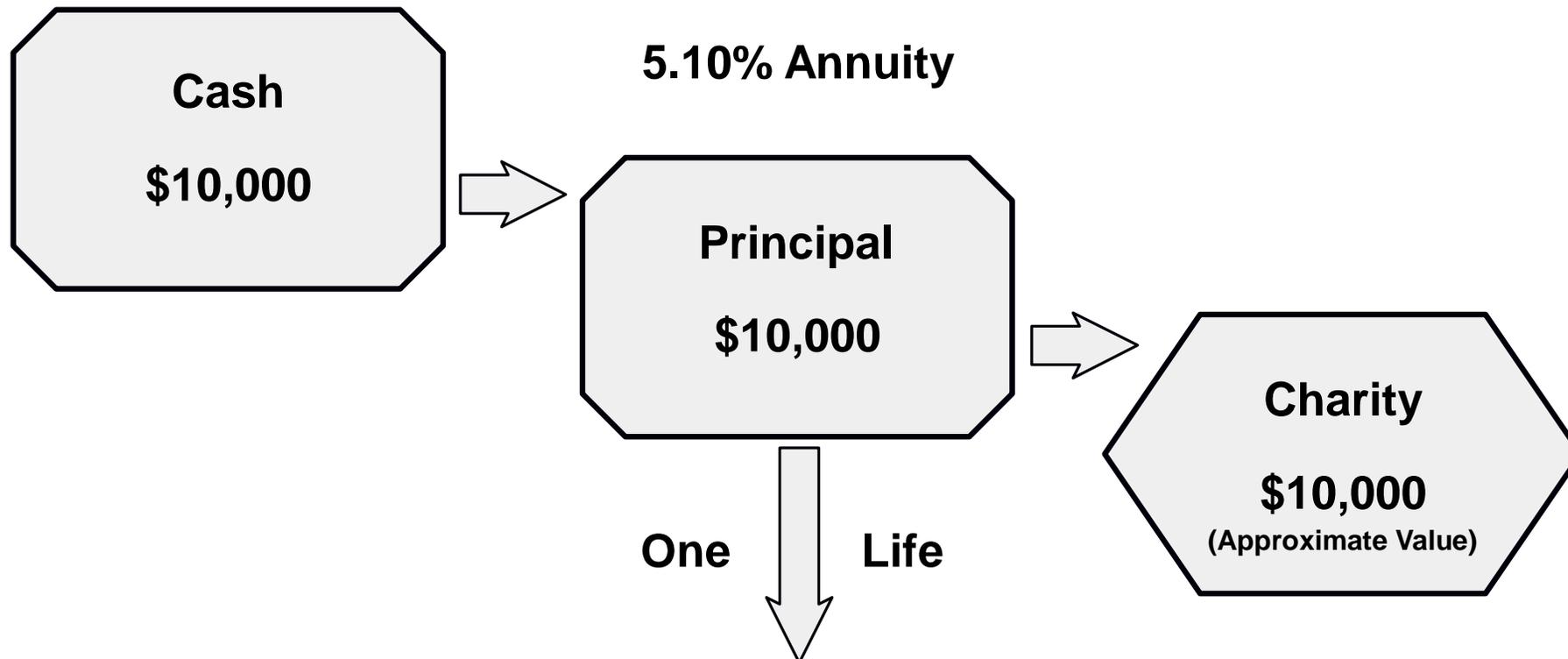
Fixed Payments  
Income tax deduction

Remainder to Charity

# Charitable Gift Annuity

Joe Donor - Age 70

5.10% Annuity



1. Gift property to charity. Donor receives contract for annuity payments. Income tax deduction of \$3,729 may save \$559.

2. Annuity of \$510.00 for one life. Tax-free amount \$404.43. Estimated one life payout of \$9,894. Effective payout rate 6.2%.

3. Annual payments for one life. Property passes to charity with no probate fees. There are also no estate taxes.

# CHARITABLE GIFT ANNUITY

FIRST PERSON Joe Donor AGE 70

GIFT AMOUNT	<u>\$10,000.00</u>
CHARITABLE DEDUCTION	<u>\$3,728.84</u>
ANNUITY OF 5.100%	<u>\$510.00</u>
TAX FREE	<u>79.3%</u>
EFFECTIVE ANNUITY RATE	<u>6.2%</u>

## INCOME TAX INFORMATION

	ANNUAL PAYMENT	ANNUAL TOTALS
Ordinary Income		\$105.57
Capital Gain Payout		\$0.00
Tax Free*		<u>\$404.43</u>
<b>ANNUITY AMOUNT</b>	<u>\$510.00</u>	<u>\$510.00</u>

\* Full Tax Free Pmt. Until End of 2031

# CHARITABLE GIFT ANNUITY

The Charitable Gift Annuity is a combination of a gift to charity and an annuity. For senior persons, annuity rates may be 6%, 7% or even higher. Since part of the annuity payment is tax-free return of principal, the gift annuity may provide the annuitant with a substantial income. The combination of partially tax free income and the initial charitable deduction makes this agreement quite attractive. And after all payments have been made for the life of the annuitant, a favorite charity will benefit from the charitable gift.

## **Partly Tax Free Payments**

A gift annuity is a contract between the charity and the individual. The individual, referred to as the donor, transfers property to the charity and the charity promises to pay a given amount at the end of each selected payment period to one annuitant for life or two annuitants for both lives. Part of the payment is interest earned and is taxable as ordinary income. Part of each payment is return of principal and is tax free. However, if an annuitant survives past his or her life expectancy, all later annuity payments will be ordinary income.

## **Gifted Property**

Cash or appreciated property may be transferred to charity in exchange for a gift annuity. With appreciated property, a portion of the capital gains tax is avoided. Part of the gain is allocated to the charitable gift amount and there is no capital gains tax on that portion. The rest of the gain is allocated to the annuity portion and is taxed each year over the projected life expectancy of the annuitant. Since the tax is spread out over the life of the annuitant, and the annuitant is receiving in part tax free income, the transfer of appreciated property in exchange for a gift annuity can generate very favorable results.

## **Fixed Payments**

Gift annuities are most attractive if you desire fixed payments. The annuity amount is fixed and will not change with current investment or market conditions. If you are planning for the future and desire fixed and reliable payments, a gift annuity is a great way to reach your goals. You enjoy both fixed payments and the satisfaction of making a gift.