

Invest in Our Future with a Charitable Gift Annuity

The concept of the charitable gift annuity in America dates back to 1843, when a merchant in Boston made a gift of money to the American Bible Society in exchange for a flow of payments. Today, the concept includes valuable tax benefits for donors. But perhaps more valuable than the financial advantages is the satisfaction of helping continue the mission and good works of the Catholic Foundation.

What is a Charitable Gift Annuity?

A charitable gift annuity is a way to make a gift to your favorite charity, and still 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." Usually, the annuitant is also the donor, but this is not always true. The maximum number of annuitants is two, and payments can be made to them jointly or successively.

Charitable Gift Annuity Payments

Payments from a charitable gift annuity are fixed from the outset. They will neither increase nor decrease, whatever happens to interest rates or the stock market. A charity is contractually obligated to make the payments, even if it has to dip into its general funds to do so.

Factors Affecting the Size of Payments

The size of the payments from a charitable gift annuity depends on the following factors:

- The gift annuity rate offered by the charity (the Catholic Foundation follows rates recommended by the American Council on Gift Annuities).
- The value of the contribution.
- The number of annuitants.
- The age(s) of the annuitant(s).

Persons Who Might Benefit From a Gift Annuity

Most 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 have hesitated because 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.

To learn more about Charitable Gift Annuities contact Martin Camacho at the Catholic Foundation (520) 838-2508.

One Recipient			
Recipient's Age	Annuity Rate	Recipient's Age	Annuity Rate
60	5.2%	80	7.2%
65	5.5%	85	8.1%
70	5.8%	90+	9.5%
75	6.4%		