



Charitable Gift Annuity

Charitable gift annuities allow you to share your assets with a nonprofit organization in a plan that gives you income while passing on the remainder to someone of your choosing.

A portion of the payments that you receive may be tax-free for a period of time based on your statistical life expectancy.

How Charitable Gift Annuities Work.

Many large nonprofit organizations, including a number of universities, offer charitable gift annuities. First, you make a donation to a single charity. Then, the gift is set aside in a reserve account and invested. Based on your age(s) at the time of the gift, you receive a fixed monthly or quarterly payout (typically supported by the investment account) for the rest of your life. At the end of your life (as well as your spouse's, if you're giving as a couple), the charity receives the remainder of the gift.

Individuals or couples can set up a charitable gift annuity. (You are the "annuitants," which is the specific name for beneficiaries of annuities and many insurance policies.) Depending on the charity, your annuity can be funded with cash donations, but potentially also securities and gifts of personal property. Minimum gifts for establishing a charitable gift annuity may be as low as \$5,000, but are often much larger.

In addition to the income stream, annuitants may also be eligible to take a tax deduction at the time of the original gift, based on the estimated amount that will eventually go to the charity after all the annuity payments have been made. A portion of the payments you receive may also be tax-free for a period of time based on your statistical life expectancy.

