

# CHARITABLE GIFT ANNUITY

## *Gift Planning at the University of Virginia*

### *The Charitable Gift Annuity: The Gift that Gives Back*

With today's low interest rates and roller coaster markets, you may be searching for a reliable and secure way to supplement your retirement income. When you establish a charitable gift annuity at the University of Virginia, you will receive guaranteed, fixed income payments for life. We can say this with confidence as all gift annuity obligations are set aside in a reserve fund and backed by the full financial assets of the University of Virginia Foundation.

#### EXAMPLES OF GIFT ANNUITY RATES FOR A SINGLE PERSON \*

Age	Rate
65	4.7%
70	5.1%
75	5.8%
80	6.8%
85	7.8%
90+	9.0%

\*Note: Rates are slightly lower when the annuity is for two persons. Like most charities, the University of Virginia uses the rates recommended by the American Council on Gift Annuities.

Effective January 1, 2012  
Unchanged as of April 24, 2017

#### Attractive Rates

When you compare our gift annuity rates with what you might receive from a certificate of deposit, you will likely be pleasantly surprised. For example, the rate of an annuity for a 70-year old is 5.1%. At age 80, the rate is 6.8%, and if you are 90 or older, you would receive 9.0%. In other words, a \$100,000 gift annuity would provide a 90-year-old person with an additional \$9,000 every year.

#### Regular Payments

When you establish your gift annuity, you decide how often you want to receive your payments. While most annuitants receive their checks or direct deposits every quarter, others choose monthly payments. Whatever you choose, receiving regular payments on a specific date is helpful for budgeting purposes.

#### Fixed Guaranteed Income

Your payment rate will be locked in at the time you fund your gift annuity. It will not rise or fall with the economy. Instead, it will be the same every year.

#### Income for Life

Gift annuities are for life. No matter what your age as an annuitant or how

*continued*



#### EXAMPLE: A CHARITABLE GIFT ANNUITY

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A charitable gift annuity is one of the most popular ways to continue the tradition of excellence at the University of Virginia. Here's how it works:

*Mr. Kimble is 72 years old. He funds a gift annuity with \$25,000 in cash.*

*Based on his age, he will receive an annuity rate of 5.4%.*

*He will receive a quarterly check in the amount of \$337.50, of which \$244.69, or 72.5%, is tax-free.*

*Mr. Kimble will also be eligible for an income tax charitable deduction of \$10,815.75.*

*When Mr. Kimble dies, the money left in the gift annuity will go to support the University in the way he had previously designated in his gift annuity contract.*

## The Charitable Gift Annuity *continued*

long you live, your payments will continue to the end of your life. And if you set up a two-life gift annuity, when one person dies, the other continues to receive the same amount for the rest of his or her life. This benefit of ongoing payments can provide security for each spouse.

### Dependable Source

The University of Virginia Foundation stands behind all of our gift annuities. We have a reserve fund set aside to meet our obligations and, what's more, we back up our annuity obligations with the full financial assets of the Foundation. We want you to feel safe and secure and to have confidence that your payments will continue without fail.

### Relief from Taxes

Since part of your contribution for a gift annuity is considered a charitable donation by the Internal Revenue Service, you will receive an immediate income tax charitable deduction to apply to your tax return. Also, during your lifetime, you may be able to claim part of each annuity payment as tax-free income.

### Simple Process

Setting up a gift annuity with the University of Virginia is simple. It can be funded with a minimum of \$5,000 in cash, marketable securities, or even real estate. If you fund your annuity with appreciated assets, a portion of your capital gains tax is avoided and the remainder is paid over an extended period of time. Note: The University offers gift annuities in most but not all states. Call the Office of Gift Planning to determine if your state is eligible.

## DON'T NEED THE INCOME TODAY? TRY A FLEXIBLE (DEFERRED PAYMENT) GIFT ANNUITY

Like a charitable gift annuity, a flexible (deferred payment) gift annuity offers you an income for life, based on your life expectancy, and an immediate tax deduction. The difference is in the timing of the payments. With a flexible gift annuity, you pick a date a year or more in the future to begin receiving payments. By deferring payments, you receive a larger income payment and a larger charitable deduction. For example:

*Mr. and Mrs. Baker (both age 60) are interested in funding a gift annuity to support the University. They plan to retire at 65 and want to find out how a five-year deferral will affect their annuity income. Here is a comparison between a deferred annuity and a non-deferred annuity, using a \$50,000 gift.*

	Gift Annuity Immediate	Gift Annuity Deferred to 65
Rate	3.9%	4.9%
Funds Placed in the Gift Annuity	\$50,000	\$50,000
Charitable Deduction	\$7,701	\$8,595
Annuity Payment	\$1,950	\$2,450
Quarterly Payment	\$487.50	\$612.50
Total Before-Tax Benefit to Income Recipients	\$56,550	\$61,250
Tax-free Portion of Annuity Payment	\$1,429	\$1,664
Estimated Benefit to UVA	\$263,130	\$286,754

By deferring annuity income payments for 5 years, the Bakers receive a larger immediate charitable income tax deduction. They also increase their income and, potentially, the size of their gift to the University.

### How Can We Help You?

**call** 434-924-7306 or 800-688-9882 (toll free)

**email** [giftplanning@virginia.edu](mailto:giftplanning@virginia.edu)

**web** [virginia.edu/giftplanning](http://virginia.edu/giftplanning)

The Office of Gift Planning mailing address is  
PO Box 400807, Charlottesville VA 22904-4807.



The University of Virginia does not provide legal or tax advice. We recommend that you seek your own legal and tax advice in connection with gift and planning matters. To ensure compliance with certain IRS requirements, we disclose to you that this communication (including any attachments) is not intended or written to be used, and cannot be used, for the purpose of avoiding tax-related penalties.