



# Plan for Retirement With a Deferred Gift Annuity

## Extra Income Later, When You Need It Most

If you're looking for ways to support our charitable work and prepare for your retirement, a deferred charitable gift annuity may be your answer.

### How It Works

You make a contribution of cash or appreciated property to us, and you receive fixed payments for life starting at any date you select that is at least one year from now.

The rate used to determine the amount of the payments is based on the age of the annuitant on the date the payments begin and the length of time from the creation of the annuity to the first annuity payment. The older the **annuitant** and the longer the deferral, the higher the rate of the annual annuity payments.

Below you will see rates recommended by the American Council on Gift Annuities, which most organizations follow. Check with our representative for current rates and applicable ages for gift annuity eligibility according to our most current policies.

**annuitant**

the person receiving the gift annuity payments

### Sample Deferred Gift Annuity Rates for One Person

Age	Deferred Until Age	Rate
55	65	9.1%
60	65	7.2%
60	70	10.0%
65	70	8.0%
65	75	11.1%

**NOTE: Your rate may vary slightly depending on the date of birth and the date of the gift. Contact us for a personalized illustration or for more information.**

## 3 Income Tax Benefits

1. If you itemize, you can secure a federal income tax charitable deduction, equal to the difference between the **fair market value** of the property or the amount of cash given to the charity and the value of your gift annuity payments.

#### **fair market value**

the price a willing buyer and a willing seller can agree on

2. If you fund the gift annuity with appreciated property that you've owned longer than one year, you are not responsible for the **capital gains** tax at the time of your gift. Instead, a portion of your payments will be taxed as capital gain (provided that you are the primary annuitant and the annuity interest is assignable only to the charity).

#### **capital gain**

the growth in value of an asset like stock or real estate since the original purchase

3. Part of each annuity payment is tax-free. The tax-free portion of the annuity payment is considered "return of principal" and continues through the annuitant's estimated life expectancy.

**Example:** Michael, 55, gives us \$40,000 in appreciated stock that he has owned longer than one year in exchange for a deferred gift annuity that will begin making payments 10 years from now. His **cost basis** in the stock is \$10,000. Using the suggested rates, Michael's deferred annuity will pay at an annual rate of 9.1%, or \$3,640. His federal income tax charitable deduction will be approximately \$17,162.\* If Michael is in the 32% income tax bracket, this charitable deduction will result in a tax savings of \$5,492.

**cost basis**

the original value of an asset, such as stock, before its appreciation or depreciation

## Moving Forward

We want to work with you to create a gift that best fits your circumstances and our needs. To learn more about the specific financial benefits you can enjoy by creating a deferred charitable gift annuity with University of the Cumberland, give us a call today.

\* Based on a 5.2% charitable midterm federal rate. Deductions and calculations will vary depending on your personal circumstances.

## Contact Us

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