

# CHARITABLE GIFT ANNUITIES

## What Is a Charitable Gift Annuity?

A charitable gift annuity is a simple combination of two concepts: a charitable gift and income for life. Think of it as the gift that gives back. A gift annuity allows you to make a gift to the University of Florida program of your choice and benefit from the following:

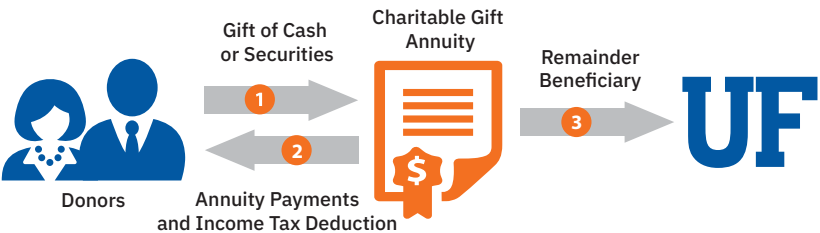
- ▶ Reliable, fixed income for your life and/or the life of a loved one.
- ▶ Tax savings — immediately and in the future.
- ▶ Partial avoidance of capital gains if funded with appreciated assets.
- ▶ Membership in the UF Legacy Society. Your gift may also qualify you for membership in other recognition societies.

## How does a Charitable Gift Annuity work?

In exchange for an irrevocable gift of cash, publicly traded securities or other assets, UF agrees to pay one or two persons a fixed annual income that is backed by the resources of the UF Foundation. The charitable gift annuity payout rate is set by the American Council on Gift Annuities and is often higher than what is available from many conservative investments.\*

## Gift Planning Tip

*Funding the annuity with appreciated securities avoids a portion of the capital gains tax. The simplicity of establishing a gift annuity, along with tax incentives and a guaranteed payout rate makes this a popular giving option.*



## Are there any age or gift amount restrictions?

The minimum contribution to establish a gift annuity at UF is \$25,000. You may establish more than one annuity. The minimum age to start receiving payments is 65.

## What assets can I use to fund a Charitable Gift Annuity?

While cash is the most popular way to fund a gift annuity, you may also use maturing CDs, publicly traded stock, and other appreciated assets. Contact the Office of Estate & Gift Planning to discuss your funding options.

## Is it worth the time and energy to change from my current investment to a Charitable Gift Annuity?

Yes, especially if your current investment yields a variable rate of return. Because your income from a UF charitable gift annuity will never decrease—nor can you outlive it—this one-time purchase can provide a stable annual income. This income can allow you to meet important needs, such as buying long-term care insurance or offsetting the costs of retirement facility care.

| GIFT ANNUITY RATES - ONE RECIPIENT |      |      |      |      |      |       |
|------------------------------------|------|------|------|------|------|-------|
| Your Age                           | 65   | 70   | 75   | 80   | 85   | 90+   |
| Lifetime Annuity Rate              | 5.7% | 6.3% | 7.0% | 8.1% | 9.1% | 10.1% |

| GIFT ANNUITY RATES - TWO RECIPIENTS |       |       |       |       |       |        |
|-------------------------------------|-------|-------|-------|-------|-------|--------|
| Your Age                            | 65/70 | 70/75 | 75/80 | 80/85 | 85/90 | 90/95+ |
| Lifetime Annuity Rate               | 5.2%  | 5.8%  | 6.5%  | 7.3%  | 8.7%  | 9.9%   |

\*Rates established by the American Council on Gift Annuities (ACGA) effective at UF on January 1, 2024.

## How is the annuity rate determined?

The annuity rate depends on the age of the annuitant(s) at the time of the gift. The older the annuitant(s), the more income UF can agree to pay annually. The rate in effect when you establish the annuity never changes and is guaranteed for life.

The following are sample gift annuity rates that UF offered recently.

### Opportunity

- ▶ A 78-year-old alumna has a \$60,000 certificate of deposit that is now coming up for renewal, but the reinvestment rate of return is only 2 percent.
- ▶ She decides to establish a \$60,000 charitable gift annuity with UF.

### Result

- ▶ UF will pay her 7.6% or \$4,560 annually for the rest of her life.
- ▶ She is entitled to an immediate income tax charitable deduction of \$25,946.
- ▶ Approximately 68% of each annuity payment is tax-free for the next 10.5 years.
- ▶ The proceeds will be used to create an endowed fund in memory of her husband and herself.

## A Deferred Charitable Gift Annuity provides you with income in the future, such as when you retire.

Many retirement plans, such as IRAs, Keoghs and 401(k)s, have contribution limits. If you are younger and wish to supplement your retirement plan, an alternative strategy is the deferred payment charitable gift annuity. This enables you to give cash or securities now and receive annuity payments at a later date specified by you, such as retirement. Deferring annuity payments yields higher payouts when payments begin and a significantly larger income tax deduction in the year the annuity is established. The minimum gift amount is \$25,000, and the minimum age to start receiving income payments is 65.

### Opportunity

- ▶ An alumnus, age 55, has maximized his contributions to all of his retirement plans.
- ▶ He contributes \$25,000 to a deferred payment charitable gift annuity that will begin at age 65.

### Result

- ▶ He qualifies for an immediate income tax charitable deduction of \$10,365.
- ▶ When he reaches age 65, UF will pay him a lifetime annuity of \$2,250 per year, the result of a 9% deferred annuity payout rate.

*\*These illustrations are based on a 5% CFMR, the 2012 IAR mortality table, and a gift of cash. Actual results vary depending on the date of the gift and other factors.*

If you are tired of living at the mercy of the fluctuating stock and real estate markets, make an investment that is secure today — and in the future — by establishing a charitable gift annuity with UF.

## Let us help you plan

UF's Office of Estate & Gift Planning will confidentially answer your questions about giving and work closely with your legal, tax and other advisers to come up with an integrated plan that meets your goals. Please contact us anytime or visit our interactive website at <http://giftplanning.uff.ufl.edu>.

### Contact

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