

CHARITABLE GIFT ANNUITY (CGA)



Of all the life income gifts available, Charitable Gift Annuities (CGA) may be the easiest to complete. A CGA is a simple contract between you and the Arts Council of Moore County. In exchange for your irrevocable gift of cash, stock, mutual funds, or other assets, the Arts Council agrees to pay a fixed guaranteed lifetime income to one or two annuitants. The older you are at the time of your gift the larger the payment amount. In most cases, part of each payment is tax-free, increasing your after-tax value of the agreement.

Income is set when you make your gift so you know upfront how much to expect, and while most payments are made quarterly, we can establish semi-annual or annual payments. A CGA may be funded with a minimum gift amount of \$20,000. The minimum age to establish an immediate payment gift annuity is 65. The minimum age to establish a two-life immediate payment gift annuity is 130 years based on the ages of both annuitants. After the death of the last annuitant, the balance remaining in your gift annuity is transferred to the Arts Council in your name and may support the program or project of your choice.

For even greater income, you may defer your payment from a CGA to anytime in the future, maybe 3 or 5 years or the death of a spouse or beneficiary. Donors often establish a CGA to receive an immediate tax deduction and defer receiving the income until later to supplement their retirement income. Donors with younger spouses may consider setting up a deferred CGA to provide supplemental retirement payments for a surviving spouse.

You may fund a CGA with appreciated assets, stock, mutual funds, bonds, or other assets. When you contribute appreciated but low-yielding assets, you put the entire fair market value of the gift to work earning payments at a higher rate. You completely avoid any capital gains tax on the gift portion of your agreement. Any remaining capital gains tax is spread out over your life expectancy as you receive payments.

CGA payment rates are based upon a variety of factors – your age to your nearest birthdate, selecting a one- or two-life annuity, the current IRS discount rates, and payment rates determined by the American Council on Gift Annuities. The actual benefits may vary depending on the timing of your gift.

Payment rates for immediate charitable gift annuities issued after January 1, 2024, cash gift of \$20,000

ONE-LIFE			TWO-LIFE		
AGE	RATE	DEDUCTION	AGE	RATE	DEDUCTION
65	5.7%	\$6,110	65/65	5.0%	\$5,447
70	6.3%	\$6,728	70/70	5.5%	\$5,802
75	7.0%	\$7,695	75/75	6.2%	\$6,265
80	8.1%	\$8,621	80/80	6.9%	\$7,409
85	9.1%	\$10,280	85/85	8.1%	\$8,399
90	10.1%	\$12,115	90/90	9.8%	\$9,434



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How do you create a Gift Annuity?

You can investigate a gift annuity by requesting a confidential proposal based on your specific situation. We will need your date of birth, the amount of your anticipated gift, and if you would like a one-life or two-life proposal. We can also provide a draft of a gift annuity agreement and a copy to share with your personal advisors. When you are ready to pursue the gift, we will help you transfer the cash, securities or other property to the Arts Council to fund your gift annuity. The process is short and easy.

After the agreement is funded, we will supply complete income tax information for you and/or your accountant to file with your next income tax return. Annually, you will receive an IRS-1099R form to report the taxable income on your federal and/or state returns.

Contacts for additional information:

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NOTE: This information is taken from sources believed to be reliable but is not guaranteed as to completeness or accuracy. You are urged to seek the advice of your financial planner, attorney, and/or tax advisor to make certain a contemplated gift fits well into your overall circumstances and planning.