

# Is a CHARITABLE GIFT ANNUITY Right for You?

A charitable gift annuity (CGA) may be a great planned giving option for you. It is designed to provide income and tax benefits to you and your family, while leaving a legacy gift that will have a positive impact on the ministries and charitable causes you value most. A CGA may also increase your fixed retirement income.

## HERE'S HOW A CGA WORKS:

- The foundation issues and guarantees the CGA.
- A CGA combines a remainder gift to your church and/or other charities with tax and life income benefits to you and your family.
- CGAs can be for one or two people, typically a married couple.
- The foundation, like many charitable organizations, subscribes to rate tables published by the American Council on Gift Annuities.
- The CGA contract with the foundation provides you a guaranteed annuity payment for the rest of your life. The amount of the annuity payment depends on the amount of the gift and your age or ages when the CGA contract is written. The older you are, the higher the annuity rate. For example, a single, 75-year-old donor would receive a lifetime income of 6.2% of his or her initial gift; an 80-year-old would receive 7.3%. A married couple aged 79 and 80 would receive 6.1%.
- The foundation requires that you be at least 65 years old when payments begin.
- There are three types of CGAs:
  - Immediate payments to you.
  - Deferred payments to you beginning on a known date in the future.
  - Flexible timing of the payments, which can be triggered by a life event, such as retirement.Because payments under the deferred and flexible options are delayed, the annuity rate may be significantly higher.
- The foundation requires initial annuities to be funded with \$5,000, either in cash or appreciated securities. Subsequent annuities can be funded in \$2,000 increments.
- The foundation invests the CGA in a balanced portfolio.
- You name an ultimate remainder beneficiary or beneficiaries, which can be your local church or multiple, qualified 501(c)(3) charities. The foundation is automatically named as a 5% remainder beneficiary to provide resources for the foundation to help other generous donors like you.
- You receive an immediate charitable tax deduction for a portion of your gift. If you can't use the entire deduction in the year of the gift, you may carry it forward for up to five additional years.
- CGA payments to you can be made monthly, quarterly, semi-annually or annually.
- A portion of the annuity payments to you may be tax-free for your expected lifespan. If you outlive your expected lifespan, the payments are considered regular income.
- At your death, the foundation will distribute the remainder of the CGA to your designated beneficiaries.
- You will have made a significant gift to your church or other charities that lasts well beyond your lifetime.

## Here's a real-life example:

*Bill and Carolyn Thompson are retired grocers from Ohio and members of Christ-by-the-Sea United Methodist Church in Vero Beach. They chose a CGA from the foundation as an effective way to make a lifetime gift to their church in Florida. They and other donors like them realized that the gift they were planning to make to their church could happen sooner rather than later and with it, the Thompsons were able to put their retirement savings to work for both their church and their family. As Carolyn said, "We could let money stagnate in a savings account, or we can invest in the kingdom."*

**Establishing a CGA with the foundation is a statement of committed, lifelong Christian stewardship, answering God's call to be generous with the gifts we have received.**

*If you feel a CGA is right for you and would like to explore your options, please give us a call. Also consult with your professional advisors before making any gifts.*

For more information, contact us at [foundation@fumf.org](mailto:foundation@fumf.org) or 866-363-9673, ext. 7000.

