

# CHARITABLE GIFT ANNUITY

*Gift Planning at the University of Virginia Darden School of Business*

## *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 UVA Foundation, 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 UVA Foundation.

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

Age	Old Rate	New Rate
65	4.7%	5.1%*
70	5.1%	5.6%*
75	5.8%	6.2%*
80	6.8%	7.3%*
85	7.8%	8.3%*
90+	9.0%	9.5%*

**\*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 1 July 2018**

**ACGA's first rate increase since 2012**

### 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 5.6 percent. At age 80, the rate is 7.3 percent, and if you are 90 or older, you would receive 9.5 percent. In other words, a \$100,000 gift annuity would provide a 90-year-old person with an additional \$9,500 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 your age as an annuitant or how long

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### EXAMPLE: A CHARITABLE GIFT ANNUITY

A charitable gift annuity is one of the most popular ways to continue the tradition of excellence at Darden. 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 5.8 percent.*

*He will receive a quarterly check in the amount of \$362.50, of which \$247.50, or 68.3 percent, is tax-free.*

*Mr. Kimble will also be eligible for a charitable income tax deduction of \$10,638.*

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

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 UVA 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 charitable income tax 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 UVA Foundation is simple. It can be funded with a minimum of \$5,000 in cash, marketable securities or 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 Darden Office of Advancement to determine if your state is eligible.

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

Like a charitable gift annuity, a 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 deferred payment 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 Darden. 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.*

Charitable Gift Annuity	Immediate	Deferred to 65
Rate	4.1%	5.4%
Funds Placed in the Gift Annuity	\$50,000	\$50,000
Charitable Deduction	\$14,442	\$15,534
Annual Annuity Payment	\$2,050	\$2,700
Tax-free Portion of Annuity Payment	\$1,429	\$1,664

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

*If instead the Bakers exchange an appreciated asset, such as securities, stock or real estate, for a charitable gift annuity, they would not report capital gains tax immediately upon the sale of the asset.*

### How Can We Help You?

**Call** +1-434-243-4825

**Email** [plannedgiving@darden.virginia.edu](mailto:plannedgiving@darden.virginia.edu)

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