



Questions & Answers

About Deferred Payment Gift Annuities

A Gift That Pays You Later

WHAT IF YOU could make a gift today that would provide immediate tax savings along with payments to you and/or someone else you choose, at a future time you designate? One popular way to make such a charitable gift is through a *deferred payment gift annuity*.

Charitable gift annuities normally allow donors to make a gift that provides payments to them for life beginning right away. With a deferred payment gift annuity, however, donors can fund their gift now, but opt for payments to begin at some future date they designate.

Read on for answers to some of the frequently asked questions about deferred payment gift annuities.

Answers to Frequently Asked Questions

Q. What is the difference between an immediate gift annuity and a deferred payment gift annuity?

A. Under the terms of an immediate payment gift annuity, you transfer assets to a charitable organization and retain fixed payments for the rest of your lifetime and/or the lifetime of another person, if desired. In the case of a deferred payment gift annuity, on the other hand, the payments from the gift annuity start at a date you specify—at least one year in the future.

Q. Are there tax benefits?

A. Yes. Because a portion of the amount used to fund a deferred payment gift annuity will at some point be used for charitable purposes, you are entitled to a federal (and perhaps state) income tax deduction in the year you make your gift. When you begin receiving payments from the annuity, part of each payment can be tax-free over your life expectancy.

Q. What determines the size of payments?

A. The amount of each payment is determined by how much is used to fund the deferred payment gift annuity, the age of the payment recipient(s) when the gift is made, how long the payments are delayed, and other factors. Deferred payment gift annuities generally pay higher rates than immediate payment gift annuities. And the more time between the gift date and the first payment date, the higher the annuity rate will be.

Q. Will my payments change from year to year?

A. No, the payment rate is set when you fund your annuity and will not change in the future.

Q. What if I outlive my life expectancy?

A. Payments will be made for as long as a recipient of payments lives.

Q. Can I provide for another person through a deferred payment gift annuity?

A. Yes. You can designate another person to receive payments either with you, instead of you, or only following your lifetime. This can be a wonderful way to provide income for a spouse or other loved one in the future.

Q. Is the payment rate the same if more than one person receives payments?

A. Annuity payments may be made for the lives of one or two persons. Because the combined life expectancy of two people is typically longer than one person's life expectancy, the rate of payment will be somewhat lower. Deferred payment gift annuity rates are also affected by the length of the payment deferral period. Rates for one and/or two people are available upon request.

Q. What assets can I use to fund a deferred payment gift annuity?

A. You may fund an annuity with cash, stocks, bonds, or other appropriate assets. When you give assets that have increased in value to fund a deferred payment gift annuity, you are not only entitled to an immediate income tax deduction, but you may also bypass or delay capital gain taxes that would be due if the property was sold.

Q. Is a deferred payment gift annuity difficult to create?

A. Such a plan can be created with minimum effort. Contact us for a complimentary illustration of payment rates, tax benefits, and other considerations based on your age and other factors.