

# Leaving a Legacy with a Charitable Gift Annuity

## WHAT IS A CHARITABLE GIFT ANNUITY?

In exchange for a donor's gift (\$1,000 minimum), Mount Olivet promises to pay a fixed income to the donor for the rest of his or her life. A charitable gift annuity can be established for individuals or couples.

## HOW DOES IT WORK?

The amount of the annuity payment depends upon the age of the individual and the amount of the gift. In addition, donors receive a charitable deduction. This table illustrates a \$25,000 charitable gift annuity.

Age	Rate	Annuity Payment	Charitable Deduction
55	5.5%	\$1,375	\$ 6,628
60	5.7%	\$1,425	\$ 7,763
65	6.0%	\$1,500	\$ 8,882
70	6.5%	\$1,625	\$ 9,879
75	7.1%	\$1,775	\$ 11,081
80	8.0%	\$2,000	\$ 12,263
85	9.5%	\$2,375	\$ 13,139

In addition to the guaranteed income from the charitable gift annuity, the tax deduction reduces the actual cost to the donor. For example, for a 70-year-old donor the deduction is \$9,879 for the \$25,000 gift annuity.



Assuming a 28% tax bracket, the deduction results in a tax savings of \$2,516. The actual cost of the gift annuity is only \$22,484. The effective rate of return is 7.2%.



## BENEFITS:

- You get an immediate tax deduction for a charitable gift.
- Your income is guaranteed.
- Part of annuity payments are tax free.
- Charitable gift annuity rates may provide you with an annuity payment greater than your assets now produce.
- You may avoid estate taxes and probate expenses.
- You can avoid some capital gain taxes if you fund the annuity with an appreciated security.
- You will leave a legacy for organizations important to you.

For more information and/or to request a personalized illustration of a charitable gift annuity, call Mari Carlson, Director of Development, at 612.821.3150, or email her at [mcarlson@mtolivethomes.org](mailto:mcarlson@mtolivethomes.org).