

CHARITABLE GIFT ANNUITIES

Presented to
PPP of Greater Orlando
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Charitable Gift Annuities

The Charitable Gift Annuity is often the gateway to larger planned giving transactions, and the creation of a lifetime philanthropist

So... what the heck are they?

What is a Charitable Gift Annuity?

- Is a planning device & the easiest deferred gift to complete
- Is often the solution to a financial planning challenge for a donor
- Frequently generates repeat business
- “Door-openers” for more advanced planning

What is a Charitable Gift Annuity?

- Donor can invest as little as \$5,000
- They offer tax savings for appreciated assets
- An immediate tax deduction for itemizers is an added bonus

What we're going to cover:

- Why use a CGA
- Types of Gift Annuities
- Who is the right audience
- Are they always a good idea for every charity
- How to get started
- Tax Benefits

Why use Charitable Gift Annuities?

- Prioritizes the donor
- Opens the door to understanding the donor's desires
- Donor becomes predisposed to making larger gifts
- “Create a philanthropist” rather than “find a donor”

Types of Gift Annuities

- One life or two
- Testamentary CGA
- Deferred or Flex Deferred CGA

Who is the right audience?

- Generally over 70 years of age
- Has either disposable income or appreciated assets
- Desires a reliable source of income
- Has a philanthropic mindset!

Good for every Organization?

- Must have financial reserves to back up CGAs
- Meets government regulations
- *Do you have the Donors trust?*

So now what?

- Create a partnership with:
 - Community or Organizational Foundation
 - Insurance Companies
 - Trust Departments of large banks
- Case Study: LCMS Foundation

What else?

- Learn the process – it's the easiest legacy gift to complete
- Know your disclaimers
- Clearly explain the result of the CGA
- Rejoice with the donor!

Things to Consider:

- Donor's compatible risk tolerance
- CGA is a Contractual agreement
- There is not always a gift at the end
- Lump Sum is not accessible to the donor

Six Ways CGAs Save on Taxes

- Assets in a Gift Annuity bypass probate court
- May pay less capital gains tax than if they sold their stock
- Donor can choose either the highest tax deduction or the greatest amount of tax-free income

Six Ways CGAs Save on Taxes

- A portion of the payments is tax-free
- A portion of the gift is a charitable contribution
- The surviving spouse will incur no additional estate taxes if they are the sole recipient of gift annuity payments

Who Governs all of this?

- The ACGA - American Council on Gift Annuities
- National oversight organization that governs the rates CGAs pay to the donors
- Determines what interest rate will be used to calculate the amount of the charitable deduction
- Sends an Interest rate advisory out monthly to advisors

Words to the wise

- Be patient!
- Keep it simple
- Share a story
- Celebrate!



Questions?



Thank you!

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