

currently at a 9.1 percent annual payout rate, or \$9,100 per year, of which \$2,012 is received tax free.

Once the Smiths have passed away, the remaining annuity amount will be used to establish a designated fund in their name at The Dayton Foundation to continue their support for their charitable interests – their church and alma mater – in perpetuity.

### How You Can Learn More

We are happy to review this gift option with you or your financial or legal advisor, including providing a free, personalized Charitable Gift Annuity illustration with current ACGA rates.

For more information, call one of our Development officers at (937) 222-0410 or toll free at (877) 222-0410. You also may visit us online at [www.daytonfoundation.org](http://www.daytonfoundation.org).



*The Regional Community Foundation*

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Please note: The Dayton Foundation does not practice law or offer financial or tax advice. The Foundation recommends that people considering establishing funds or legacies through the Foundation consult their financial, tax or legal advisor.



Meeting All Standards for U.S. Community Foundations.

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*We help you help others.<sup>SM</sup>*

## A Life Income Plan and a Lasting Charitable Gift

# Charitable Gift Annuities



A simple, easy-to-use charitable gift option that enables you to:

- generate supplementary income
- receive immediate income tax benefits
- perpetuate your charitable interests
- invest in your community's future

*Since 1921,  
helping people  
to help others.*

# What Is a Charitable Gift Annuity?

A Charitable Gift Annuity (CGA) through The Dayton Foundation offers you an easy and effective way to provide a permanent source of financial support for the charities you care about the most, while generating supplemental income for yourself or others.

In exchange for your irrevocable gift, you and/or your designated beneficiaries will receive guaranteed, fixed income for life, part of which is treated as tax-free return of principle. You also receive an immediate income tax deduction for the gift. After the last beneficiary passes away, any remaining amount is used to create an endowed fund at The Dayton Foundation in your or a loved one's name (if you so choose) to benefit the charitable organizations or interests of your choice.

## Who Is Right for a CGA?

Any charitable individual or couple, who is age 55 or older and who has a minimum of \$10,000 in cash or securities, may wish to consider this gift option.

## How Is the Annuity Payment Determined?

The amount of your CGA payment is based on several factors. These include your age, the current rate schedule established by the American Council on Gift Annuities (ACGA) and the value of your contribution. The staff of The Dayton Foundation can help you determine your anticipated payment.

## How Do I Fund My CGA?

There are many options available to you for funding a Charitable Gift Annuity. The most common are gifts of cash, appreciated securities and low-yielding assets (see the two scenarios provided in this brochure).

## When Do the Payments Begin and End?

Annuity payments may begin immediately or be deferred to a future date, such as retirement, depending upon your need for supplemental income and/or a charitable gift deduction. You still benefit from an immediate income tax deduction upon the date the gift is made.

Payments typically are made on a quarterly basis and continue for your lifetime. If one beneficiary passes away, the surviving beneficiary continues to receive the full annuity payment until his or her passing.

## How Are My Payments Insured?

The Dayton Foundation insures most CGAs with a commercial annuity policy. After the Foundation selects an insurer, a one-time premium payment is made from the original gift to insure a lifetime of annuity payments.

The difference between the original gift and the one-time premium payment is invested using The Dayton Foundation's investment policy. These assets are earmarked for your designated or pre-determined charitable purpose.

## Charitable Gift Annuity Scenarios

**Scenario 1:** Mr. and Mrs. Donor are ages 70 and 68 respectively. They have \$50,000 in an existing money market fund and want to use this to create a CGA. Based upon the value of the asset and the Donors' ages, The Dayton Foundation is able at this time to guarantee them a 5.3 percent annual payout rate, or \$2,650 per year for the remainder of their lives, of which \$1,818 is tax free. The remaining portion of the annuity payment is taxed at an ordinary income rate. Additionally, when the gift is transferred to the Foundation, the Donors will receive an \$11,112 charitable gift deduction.

Upon the passing of the surviving spouse, the remaining amount will fulfill their charitable wishes by being used to establish an unrestricted fund in their name at the Foundation to enable funds to be used wherever need or opportunity is greatest in the region.

**Scenario 2:** Both Mr. and Mrs. Smith are 55 years old and do not expect to retire until age 68. After talking with their financial advisor and staff members of The Dayton Foundation, they decide to establish a deferred CGA that will begin making payments when they reach age 68. They create the annuity by donating \$100,000 in appreciated stock that has a cost basis of \$50,000. The Smiths receive an immediate charitable deduction of \$10,739. Annuity payments are guaranteed for the remainder of their lives,