



Charitable Gift Annuity FAQ

What is a charitable gift annuity and how does it work?

A charitable gift annuity is a contract between a Donor and the Findlay-Hancock County Community Foundation. The Donor transfers cash or securities to the Community Foundation in exchange for regular payments for the life of one or two beneficiaries, also called annuitants. When the contract ends, what remains of the initial transfer becomes a gift to the Community Foundation. It can be added to an existing fund of the Community Foundation or, if it is large enough, become its own Common Good, Field of Interest, Designated, or Scholarship Fund.

How much does a charitable gift annuity cost?

There is no charge to the Donor for establishing or administering a charitable gift annuity contract. After the contract terminates, the resulting endowment fund will pay the normal fees charged by the Community Foundation.

How do I know my annuity payments are secure?

As a simple contract between you and the Community Foundation, your payments become a general obligation of the Community Foundation that is backed by all of its assets.

Who may receive payments from the annuity?

Payments may be made to one or two beneficiaries or annuitants. In most cases the Donors name themselves. However, an annuity can also be established to benefit others, such as a parent, sibling or friend. While the Community Foundation does not set a minimum age limit, an immediate pay annuity may not make good financial sense for beneficiaries who are less than 65.

What will the amount of my payments be?

Payments will be determined at the time the annuity is established. The Community Foundation follows the uniform annuity rate schedule suggested by the American Council on Gift Annuities. The applicable rate will be based on the age of the youngest beneficiary or annuitant at the time the annuity is established.

What is the minimum gift and age to begin a charitable gift annuity?

The minimum gift for a Donor to establish a first charitable gift annuity with the Community Foundation is \$10,000. Thereafter, the Donor may establish successive charitable gift annuities in increments of \$5,000. To establish a new named fund at the Community Foundation, the minimum charitable gift annuity amount is \$20,000.

How does a charitable gift annuity benefit the Findlay-Hancock County Community Foundation?

At the end of the annuitant's life (or, with a two-life annuity, the end of both lives), what remains of the principal you transfer to the Community Foundation will be used to support our work of improving the quality of life in Hancock County through endowment. The uniform annuity rates of the American

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Council on Gift Annuities are structured so that, on average, 50% of the original gift should remain to support our work and the work of our partner nonprofits in Hancock County. For an up-to-date list of local agencies with endowment funds held by the Community Foundation, please refer to the Agency Funds section of our Annual Report.

Can my charitable gift annuity benefit another organization?

Absolutely! When you enter into an annuity contract you will specify how the gift portion of your annuity will be used. After the contract terminates, the remainder can be added to the existing endowment fund of your favorite nonprofit organization. Or, if your initial gift was at least \$20,000, it can be used to create a new, named endowment fund for your favorite nonprofit organization. All endowment funds will be held and administered by the Community Foundation.

Is my gift tax-deductible?

Yes. You may receive a charitable deduction in the year you enter into an annuity contract for the gift that will remain for charity after your lifetime. In addition, a portion of your annuity payments may be tax-free, representing a return of the principal you contributed.

May I contribute securities for a charitable gift annuity?

Yes. In fact, contributing highly appreciated securities that you have held for more than 12 months offer additional tax savings. You may reduce the tax on the capital gain attributable to the charitable gift portion of the contribution. If you are an annuitant, the gain attributable to the annuity payments does not need to be recognized in the year the gift is made but can be reported ratably over the annuitant's life expectancy.

Must I take the annual payments immediately?

No. You can make a gift now for an annuity contract that will defer your payments to a future date that you decide. Because of the deferral, payments and charitable deductions from deferred gift annuities are higher than they would be for immediate-pay annuities.

What is the difference between a commercial annuity and a charitable gift annuity?

A commercial annuity, typically sold by banks and life insurance companies, will provide you with fixed or variable income based on commercial rates of return. These plans establish their annuity payments based on the assumption that all of the assets in the plan will be used up by the end of the income beneficiaries' lives.

A charitable gift annuity is part guaranteed annuity and part charitable contribution. You receive a partial income tax deduction based on the assumed value of the gift the charitable organization will ultimately receive. A gift annuity assumes that there will be something left for the organization at the end of the contract. The rates for gift annuities often cannot compete with the rates offered by commercial annuities due to the charitable intention of the contracts. However, charitable annuities may result in tax benefits that a commercial annuity cannot provide.

Have questions or need more information? Contact Tracy McMath at the Community Foundation by telephone at 419-425-1100 or by email at tcmcmath@community-foundation.com.

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