

The UUA Charitable Gift Annuity

A Legacy of Hope

Giving is one of life's great satisfactions, especially when you know that your gifts help to improve the lives of others. Gifts of time, talent, and financial resources all help Unitarian Universalist congregations to thrive. Our Unitarian Universalist Association (UUA) is charged to serve congregations and to advance the values, vision, and voice of our religious community. Cash donations to the UUA help us do this important work, as do deferred gifts such as charitable bequests, designations of retirement plan benefits, and other estate gifts.

Life income gift plans, including charitable gift annuities, also are important to our common future. They offer many benefits that can help you meet your current and long-term financial goals and help you give significant financial resources to support Unitarian Universalism after you are gone. For example, when you give to a charitable gift annuity plan, you can:

- Secure a guaranteed fixed income
- Increase your income
- Provide for loved ones
- Enjoy a charitable income tax deduction
- Enjoy some tax-free income
- Save capital gains taxes on gifts of highly appreciated stock
- Be a philanthropist for the future of Unitarian Universalism



What is a Charitable Gift Annuity?

A *charitable gift annuity* (CGA) is a contractual agreement between the UUA and one or two donors. A CGA will:

- Pay a fixed dollar amount to one or two people for as long as they live or for a set number of years
- At the end of the contract, deliver what remains of the original gift to the charitable beneficiaries chosen by the donor(s) – usually our UUA, and a UU congregation or entity.

What is a Deferred Gift Annuity?

You can choose to set up a *deferred gift annuity* (DGA) which gives you options about when you will begin receiving annuity payments, usually 3-5 years from now. DGA rates are generally slightly higher than the rates for immediate annuities and you can still take the charitable tax deduction in the year of your contribution.

Who may receive annuity payments?

One or two people may be annuitants. Usually, donors are the annuitants, but some donors give the right to receive income to someone else, a loved one who needs a secure income, for instance. This may be a useful estate planning tool for some couples and families. Annuitants must be at least age 65, or an average age of 65 for two donors.

Is there a minimum contribution?

Yes, \$10,000 is the minimum gift.

Can my congregation benefit from my gift?

Yes, the UUA's *Umbrella Giving Program* enables you to designate your gift annuity beneficiaries as your congregation, other Unitarian Universalist entities, the UUA, or a combination of these up to 100%, all managed at no cost to you or the beneficiary. You are free to give all or part of your gift to any UU entity, but we hope you will give at least 25% to the UUA to help us to continue to provide this service.

Tell me more about the payments.

Calculated as a percentage of the donation, the annual payment amount is fixed when the gift is completed and it never changes. The rate of payment varies with each annuity gift contract depending on ages of the people receiving payments, the number of annuitants, the timing of the gift, and the date payments begin.

| One Annuitant | | Two Annuitants | |
|---------------|------------|----------------|------------|
| Age | Fixed Rate | Ages | Fixed Rate |
| 65 | 4.7% | 63, 67 | 4.2% |
| 70 | 5.1% | 70, 72 | 4.7% |
| 85 | 7.8% | 81, 85 | 6.2% |
| 90 | 9.0% | 90, 93 | 8.7% |

Current Rates January 2018

How is the rate of payment determined?

The UUA uses the annuity rate tables prepared by the American Council on Gift Annuities (ACGA). This non-profit group considers relevant financial, investment, and actuarial trends in setting payment rates for gift annuities. The Council strives to set rates that will preserve at least 50% of the gift over time and produce a good income to the annuitants. Examples of current rates can be seen on the table above.

When are annuity payments made?

Quarterly: at the end of March, June, September and December. Payments are mailed to your home address or deposited directly to your bank account.

Can I donate appreciated stock?

Yes. A personal check payable to the UUA, a bank check, wire transfers and publicly traded stock and mutual fund shares are great assets to donate for a gift annuity.

Do I get a charitable deduction?

Yes. If you itemize, you may claim a charitable income tax deduction for a percentage of your gift, usually between 30% and 50%. Ask the UUA Legacy Gifts staff to estimate the tax benefits you might enjoy.

How are annuity payments taxed?

When you fund a CGA with a cash gift, part of your annuity is *tax-free* income—until you reach your life expectancy—and part is reportable as ordinary income. If you fund your CGA with a stock gift, then your annuity income will be part tax-free, part ordinary income, and part capital gains income. When you outlive the actuarial predictions your annuity payments will be reportable as ordinary income.

Who manages investments?

The UUA and State Street Global Advisors Trust Company of Boston, MA manage the UUA Annuity Reserve Fund. All gifts are added to this trust account and invested and managed separately from UUA institutional funds. The UUA Treasurer and Financial Advisor monitor investment performance.

May I see more financial information?

Yes. Prior to completing a gift, every prospective donor receives a disclosure statement. As of December 31, 2017 the Gift Annuity Reserve Fund held over 310 charitable gift annuities, with a fair market value over \$7 million.

To request an estimate of benefits you might enjoy, please contact:

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As with any substantial gift, we recommend that you consult your tax professionals.