



CHARITABLE GIFT ANNUITY

Giving While Receiving

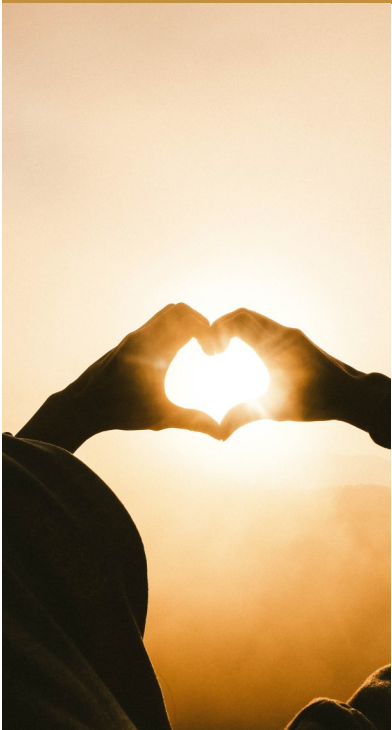
A Charitable Gift Annuity is a relatively simple contract between a donor and the Louisiana Baptist Foundation. The donor transfers cash or other assets (e.g., stock, bonds, or mutual funds) to the Foundation, and in exchange the Foundation pays to the donor a fixed income (an annuity) for life. The amount of the annuity is based on the age of the donor.

After the life of the donor, the remaining balance of the annuity is paid to the ministry selected by the donor. That ministry can be a church, institution, or other ministry, or the remaining balance of the annuity may also be divided among several ministries.

Types of Charitable Gift Annuities

Charitable Gift Annuities can be flexible. In each case, the remainder goes to a ministry of your choice.

- **Single-life:** Pays an income to you or a person you choose for the life of the individual.
- **Two-life:** Pays an income to you and your spouse simultaneously and continues to pay for the life of the surviving spouse.
- **Deferred:** In certain circumstances, you can establish a Charitable Gift Annuity now and delay the income payments until a future date.



“A gift opens the way and ushers the giver into the presence of the great.”

Proverbs 18:16

“All Christians are but God’s stewards. Everything we have is on loan from the Lord, entrusted to us for a while to use in serving Him.”

John MacArthur,
Pastor



LOUISIANA
BAPTIST
FOUNDATION

TAX BENEFITS OF CHARITABLE GIFT ANNUITIES

Donations to Charitable Gift Annuities offer several tax advantages to the donor.

- **Partial Income Tax Deduction:** Charitable Gift Annuities qualify for a partial income tax deduction in the year the gift is made. The deduction is based on the amount transferred to the Foundation minus the present value (value in today's dollars) of the projected lifetime annuity.
- **Portion of Income is Tax-Free:** A portion of each annuity payment is considered to be "return of principal" during the donor's projected life expectancy and is not subject to income tax. The remainder is taxed as ordinary income. If you exceed your life expectancy, the entire payment then becomes ordinary income.
- **Reduce or Avoid Capital Gains Tax:** Capital gains tax on appreciated securities can be partially avoided at the time of the gift. The remainder of any capital gains tax is spread over time. Federal estate and gift taxes are generally avoided as well.

AN EXAMPLE OF A CHARITABLE GIFT ANNUITY

Mr. Jones, age 70, establishes a Charitable Gift Annuity with the Louisiana Baptist Foundation, naming his church as the beneficiary of the remainder of the funds. His \$10,000 cash gift in exchange for a single-life annuity would provide:

- An annuity rate of 5.9% or \$590 per year for his lifetime;
- \$371 of his annuity income is tax free for the 14 years of his life expectancy. Any income beyond that time is taxed as ordinary income.
- A charitable deduction from his federal income tax is available in the amount of \$4,247.

The rate of income paid from the Charitable Gift Annuity is largely determined by the age of the person(s) making the initial gift to the Louisiana Baptist Foundation.

The Louisiana Baptist Foundation uses the American Council on Gift Annuities rate table to offer a suggested rate to the donor. Contact the Foundation for specific information on different types of annuities and associated rates.

The Louisiana Baptist Foundation has been assisting donors with charitable gift annuities and other charitable giving options since 1944. Please contact us to learn how your gift can be used for *Advancing the Kingdom.*



This information is ***not*** to be substituted for legal advice. Consult a knowledgeable legal professional to assist you with your estate planning needs.