

CHARITABLE GIFT ANNUITY

DEFINITION

A Gift Annuity is an irrevocable agreement whereby a donor receives a fixed income for life in exchange for a gift of cash, securities, personal residence or farm. It assures a gift to the ministry or charity of your choice upon the death of all income beneficiaries, an income for life for you and your loved one (if a two-life annuity), plus some valuable tax savings.

THE PROCESS

- 1) Complete a simple application form.
- 2) Make the gift. If cash, it's as simple as writing a check. If the gift is in the form of marketable securities (stock, bonds, etc.) or real estate, a formal transfer of the asset will be necessary. The minimum gift is \$10,000. A Gift Annuity Agreement, a printout with calculations for your tax preparer's use in documenting your tax deduction, and annual income tax reporting information will be provided.

ADVANTAGES OF A CGA

- Simplicity...It's easy to arrange. Gifts of cash and/or securities involve a very simple procedure. The gift of a personal residence or other real estate will involve an appraisal and a transfer deed but the process is simple if assisted by knowledgeable persons.
- Security...The life income is secured by the financial condition of Mennonite Brethren Foundation.
- Savings...An immediate income tax deduction is available for a portion of the amount you give and a portion of the fixed income is tax free for the duration of your projected life expectancy.
- Satisfaction...You have the satisfaction of knowing that a portion, and perhaps all of your gift, will upon your decease be made available to benefit those charities that you value highly and have specified to be the remainder beneficiary.

HOW MUCH INCOME WILL I RECEIVE?

It depends on one's age, and whether it's a one life or a two life annuity, or an annuity where the first payment has been deferred for a term of years. If you choose to defer the first payment, the rate of return would be significantly higher when the payments begin. The chart below illustrates an immediate payout and gift made at (ACGA rates effective 01/01/23):

ONE LIFE		TWO LIVES	
<u>Age</u>	<u>Annual Payout</u>	<u>Age</u>	<u>Annual Payout</u>
60	4.9%	65 and 70	4.9%
65	5.4%	71 and 76	5.6%
70	5.9%	75 and 80	6.1%
74	6.6%	79 and 84	6.7%
80	7.6%		
84	8.7%		
90	9.1%		

WHO DETERMINES THE RATE?

The American Council on Gift Annuities recommends the rate. This national organization meets regularly, reviews the investment climate, age factors, actuarial concerns, and makes appropriate recommendations. Most charitable organizations, including MB Foundation, follow the rate guidelines as recommended.

PROFESSIONAL ASSISTANCE

The staff of MB Foundation is experienced and qualified to discuss this gift option with you. A computer printout with an explanation of the income guaranteed and tax benefits is available free of charge and without obligation. We would need to know your age or ages (if a two-life annuity is desired) and whether the annuity would be funded with cash, securities, or property. Feel free to call. We would be pleased to answer your questions and discuss any concerns you may have. It would be our joy to help you in Giving Meaning to Money®!