

Questions & Answers

ABOUT DEFERRED PAYMENT GIFT ANNUITIES

Making A Gift Now That Pays You Later

What if you could make a gift that would provide immediate tax savings along with payments to you and/or someone else you choose in the future? A deferred payment gift annuity does just that.

Charitable gift annuities normally provide payments for life beginning right away. With a deferred payment gift annuity, donors make their gift now and opt to “defer” their payments until the future, perhaps at retirement.

Answers to Frequently Asked Questions

Q. What is the difference between an immediate payment gift annuity and a deferred payment gift annuity?

A. With an immediate payment gift annuity, you transfer assets to a charitable organization and retain fixed payments for the rest of your lifetime and/or the lifetime of another person, if desired. With a deferred payment gift annuity, the payments from the gift annuity start at a date you choose—at least one year in the future.

Q. Are there tax benefits?

A. Yes. Because a portion of the amount used to fund a deferred payment gift annuity will, at some point, be used for charitable purposes, you are entitled to a federal (and perhaps state) income tax deduction the year you make your gift. And when you begin receiving payments from the annuity, part of each payment can be tax-free over your life expectancy.

Q. What determines the size of payments?

A. Payments are determined by how much is used to fund the deferred payment gift annuity, the age of the payment recipient(s) when the gift is made, how long the payments are delayed and other factors.

Deferred payment gift annuities generally pay higher rates than immediate payment gift annuities. And the more time between the gift date and the first payment date, the higher the annuity rate will be.

Q. Will my payments change from year to year?

A. No. The payment rate is set when you fund your annuity and will not change.

Q. What if I outlive my life expectancy?

A. Payments will be made for as long as the payment recipient lives.

Q. Can I provide for another person through a deferred payment gift annuity?

A. Yes. Another person can receive payments either with you, instead of you or only following your lifetime. This can be a wonderful way to provide income for a spouse or other loved one in the future.

Q. Is the payment rate the same if more than one person receives payments?

A. Annuity payments may be made for the lives of one or two people. Because two people's combined life expectancy is typically longer, the rate of payment will be somewhat lower.

Deferred payment gift annuity rates are also affected by the length of the payment deferral period. Rates for one or two people are available upon request.

Q. What assets can I use to fund a deferred payment gift annuity?

A. Cash, stocks, bonds or other appropriate assets can be used to fund a deferred gift annuity. Assets that have increased in value can result in an immediate income tax deduction, but you may also bypass or delay capital gain taxes that would be due if you sold the property.

Q. Is a deferred payment gift annuity difficult to create?

A. Deferred gift annuities can be created with minimum effort. Contact us for a complimentary illustration of payment rates, tax benefits and other considerations based on your age and other factors.

Learn More

If you would like to know more about the benefits of deferred payment gift annuities, or if we can answer any questions you or your advisors may have, please contact us confidentially and with no obligation.