

# Planned Giving

## Charitable Gift Annuities



A charitable gift annuity is a very flexible way to make a planned gift designed to provide a fixed income for life for you and/or others created with gifts of relatively modest amounts.

For example, you can make a gift through a charitable gift annuity \$10,000. Here's how a Scleroderma Foundation Michigan Chapter annuity works:

1. You transfer cash or other assets to Michigan Chapter to fund your gift annuity agreement. This involves completion of a simple agreement and can be handled easily by mail, if you desire.
2. You'll receive generous fixed payments annually, or more frequently if desired, that will never vary in amount. The amount of your payment is a percentage of your gift determined by your age and other factors at the time your gift is funded.
3. You will be entitled to an immediate income tax charitable deduction. In addition, part of each annual payment is tax-free for the period of time equal to your life expectancy.
4. If desired, you can also choose to name another person. This is typically a spouse, parent, or sibling to receive payments with you, instead of you, or following your lifetime for the remainder of his or her life. All annuitants must be at least 65 for immediate payment gift annuities.
5. The assets used to fund your gift annuity will generally be removed from your estate for tax purposes.
6. You make a significant gift to the Michigan Chapter for a portion of the amount used to establish your gift annuity agreement.

Some donors choose to fund a new gift annuity agreement with the Michigan Chapter each year. Since payment rates increase with age, each gift annuity generally brings larger annual payments.

When property, such as stock, that has increased in value is given for a gift annuity, part of the capital gains tax that would normally be due on its sale can be avoided at the time of the gift, and a portion of the gain can be reported over the annuitant's life expectancy.

The charitable deduction is usually based on the current value of the property, not its lower original cost. The use of appreciated, low-yielding assets to fund a gift annuity can be an excellent way to completely bypass capital gains tax at the time of your gift, benefit from a current income tax charitable deduction, and gain the advantage of reporting a portion of each payment at lower, more positive capital gains tax rates for a number of years.

For more information on Planned Giving, please contact the Scleroderma Foundation Michigan Chapter at (248) 595-8526 or via e-mail at: [MIchapter@scleroderma.org](mailto:MIchapter@scleroderma.org)