

Charitable Gift Annuities

A Resurgence in Life Income Gifts

Charitable gift annuities (CGAs) may be a valuable way for you to benefit your favorite charities as well as yourself. It can be the right gift vehicle for your charitable planning. You get income for the rest of your life while also carrying out your charitable wishes.



In the current economic environment of relatively low-interest rates on “safe” investments, CGAs may be an attractive choice for donors who want to make a transformative difference for a charity while at the same time continuing to receive a safe, stable income stream for the rest of their lives.

CGAs remain attractive to donors

The payout rate to annuitants is 6 percent for single-life contracts for annuitants age 75, 7 percent for single-life contracts for annuitants age 80 and 8.1 percent for annuitants age 85. For two-life contracts, the rates are slightly lower because the annuity payout rate is based on the combined ages of both annuitants. When compared to other low-risk, income-producing options, the rates available on a CGA remain a very attractive option for donors who value the philanthropic aspect of leaving the balance to charity.

A CGA may be the right strategy for your impactful giving

Funding a CGA gives you the opportunity to advance the mission of a charity you support while at the same time receiving income for the rest of your life. Since charitable gift annuities are supported by all of the assets of the charity, your “investment” in the annuity is safe and your annuity payout is guaranteed for life. The payout amount is based on the original gift value and distributions to annuitants are not impacted by market volatility or other changes to the current value of the original gift. In addition to funding with cash, funding a gift annuity with appreciated property (stock, bonds and real estate) may also be a quite attractive way to make a lasting gift to charity.

A CGA can also be a planned giving option

An option you may want to consider in your estate planning is the use of the charitable gift annuity for your beneficiaries or heirs. Notwithstanding certain exceptions such as a spousal beneficiary, current legislation (the SECURE Act) now requires that IRAs or other qualified funds be withdrawn within 10 years of a person’s passing. Funding a gift annuity with qualified funds allows those assets to be stretched over the lifetime of the annuitants (usually children and grandchildren).



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