

# Charitable Gift Annuity

## What is a Charitable Gift Annuity?

A charitable gift annuity is a contract between you and Carroll College. You transfer an asset to the College and the College **pays you income for life** at a rate based on your age. (See chart on this page.) Payments may be set up for you alone or for you and your spouse. Once all payments have been made, the College receives the remaining value of the asset.

One benefit of the gift annuity is that your payment is fixed at the very beginning. The Gift Annuity makes it possible for you to receive high returns on an asset for the rest of your life.

**You have the confidence of knowing that your income will never change.** Depending upon your gift, you may receive the added benefit of mostly tax-free income. And you will **receive a charitable deduction** at the time you make your gift to us.

Payments to you are backed by all the assets of the College. Therefore, you can be confident that the Gift Annuity will provide a reliable income. The tax benefits are twofold. First, you will receive a current income tax deduction - something you will appreciate when you file this year's tax return. Second, part of each annuity payment we make to you may be tax free!

## Rates for One Life Gift Annuities

Age	Rate
60	5.5%
65	5.7
68	6.0
70	6.1
72	6.3
74	6.6
76	6.9
78	7.2
80	7.6
82	8.0
84	8.6
86	9.2
88	9.8
90	10.



## HOW TO MAKE A GIFT ANNUITY

Several types of assets may be gifted in exchange for a charitable gift annuity.

### Cash

A cash gift is an excellent way to fund a gift annuity. A large portion of the annuity income will be tax-free.

### Appreciated Securities

Not only is there an immediate charitable income tax deduction by transferring an appreciated block of stock to charity, it is possible to bypass a portion of the capital gains tax as well. For illustration, stock valued at \$200,000 with an original cost of \$40,000 transferred to a gift annuity may save more than \$9,000 in taxes!

### Real Estate

Highly marketable real estate may be gifted to bypass capital gains tax and provide fixed income for life. Income may include capital gain and tax free amounts.

### Capital Gains Tax Savings

If you own appreciated stock or real estate, you know that selling these assets will produce a taxable gain. These are the sorts of assets that you could use to fund a gift annuity and avoid paying part of the capital gains tax. You benefit from fixed annuity payments for life. While a portion of those payments may still be taxed at capital gains rates, you may also enjoy partially tax-free income!

### Deferred Gift Annuities

You also have the option to choose a deferred gift annuity where you tell us you want to wait a certain number of years to receive the first payment. Since your first payment is deferred, when payments do begin they will be at a higher payment rate. As with current gift annuities, deferred ones also offer fixed lifetime payments, even at the higher rate.

### Flexible Gift Annuities

For more control, you may want to consider a flexible gift annuity. Just as with the deferred gift annuity, you receive your first payment in the future. You establish that date when you fund it, but retain the right to choose when the first payment will begin. If you want to start payments sooner, you will receive a lower payment. Wait a little longer than you initially indicated, and your payments will be higher.

Controlling a gift annuity's timing makes a great plan even better. Whether you choose a current, deferred, or flexible annuity, you can look forward to a lifetime of dependable, fixed payments. One thing to remember is that a gift annuity is irrevocable, so please call us and talk with your advisor to determine what works best for you.

### Montana Tax Credit

Specific tax credits are available for Montana citizens when donating to qualified permanent endowments in Montana. A charitable gift annuity to Carroll College qualifies for the Montana tax credit. The maximum credit that you may claim in the year is \$10,000. If you are married and both spouses gave a qualified gift, each spouse is entitled to a maximum \$10,000 Credit. Your credit cannot exceed your tax liability and you cannot carry back or carry forward any unused credit.

*Individuals - You are entitled to a credit against your tax liability equal to 40% of the charitable gift portion of a planned gift.*

*Corporations - If you are a C. corporation, an S. corporation, partnership or limited liability company you are entitled to a credit against your tax liability equal to 20% of the outright charitable contribution to a qualified endowment.*

Questions or assistance,  
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