

Strengthen the futures and you and our students with

A CHARITABLE GIFT ANNUITY

Receive income for life and save on taxes.

The idea of a charitable gift annuity is nothing new, but its benefits will never grow old. In America, the concept dates back to 1843, when a Boston merchant donated money to the American Bible Society in exchange for a flow of payments. Today, a charitable gift annuity offers valuable tax benefits, but perhaps more valuable than the financial advantages is the satisfaction of supporting an area of your choosing at Southeastern Community College.

A **charitable gift annuity** (CGA) is a popular gift arrangement that allows you to make a gift of cash or appreciated assets and receive fixed payments in return. Upon setting up a charitable gift annuity, you receive a federal income tax deduction that is equal to the percent value of the gift (the value of the gift in today's dollars).

charitable gift annuity: a contractual agreement between a donor and a charitable organization in which the donor gives assets in exchange for the organization's promise to provide the donor with payments for life.

annuitant: the person receiving the gift annuity payments, also known as a recipient.

If you fund your annuity with appreciated property rather than cash, you benefit even more because you are not responsible for the capital gains tax at the time of your gift. Instead, a portion of your payments will be taxed as capital gain (provided that you are the primary **annuitant** and the annuity interest is assignable only to the SCC Foundation).

Understanding Annuity Rates

Based on life expectancy, older annuitants have higher annuity payment rates. Rates also vary according to the number of annuitants, with rates for two-life contracts often lower because of the extended period of time that payments will likely be made. See the guidelines and rates below. Rates are recommended by the American Council on Gift Annuities, which most organizations follow.

A Case Study of Benefits

Robert, 75, plans to donate a maturing \$10,000 certificate of deposit to the Southeastern Community College Foundation. Because he needs continuing income, he decides to give the cash in exchange for a one-life charitable gift annuity that we will issue at the suggested rate of 5.8%, or \$580 per year. At the time of the gift the charitable midterm federal rate of interest (an IRS figure used in calculating the charitable deduction) is 2.4%.

Because Robert itemizes his tax deduction, he earns a federal income tax charitable deduction of \$1,626 * (the amount of the \$10,000 donation attributable to the gift portion). With a marginal income tax bracket of 33 percent, the tax savings of \$1,526 will reduce the net cost of his gift to \$8,474.

*Based on annual payments and a 2.4 percent charitable midterm federal rate. Deductions will vary based on income earned and current tax law.

Guidelines

- The SCC Foundation is registered with the State of Iowa to offer a Charitable Gift Annuities program
- Parameters of Charitable Gift Annuities - \$10,000 – \$50,000
- Rates are based on the American Council for Charitable Gift Annuities chart
- Minimum age of donor – 65
- Maximum number of CGAs – Up to 20 with maximum of \$200,000 total
- Quarterly or annual payments to donor
- Formal annual review of parameters by Finance & Investment Committee and Executive Board
- Review of gifts outside of parameters require review by Executive Board and final approval by full Board

ANNUITY RATES

ONE RECIPIENT		TWO RECIPIENTS			
Recipient's Age	Annuity Rate	Same Age	Annuity Rate	Different Ages	Annuity Rate
65	4.7%	65	4.2%	65/70	4.4%
70	5.1%	70	4.6%	70/75	4.8%
75	5.8%	75	5.0%	75/80	5.3%
80	6.8%	80	5.7%	80/85	6.1%
85	7.8%	85	6.7%	85/90	7.3%
90+	9.0%	90+	8.2%	90/95+	8.8%

IMPORTANT NOTE FROM THE STATE OF IOWA

The SCCF's future issuance of a qualified charitable gift annuity does not constitute engaging in the business of insurance in the State of Iowa. The annuity agreement issued by the SCCF shall include a notice, as part of a separate paragraph in the same size font as the annuity agreement, stating that a qualified charitable gift annuity is not insurance under the laws of this state and is not subject to regulation by the commissioner or protected by an insurance guaranty fund or an insurance guaranty association.

We want to work with you to create a gift that best fits your circumstances and SCC's needs. To learn more about the benefits of establishing a charitable gift annuity with the Southeastern Community College Foundation, please contact us at 319.208.5065 or at foundation@scciowa.edu.

For additional information about Iowa law in reference to Charitable Gift

Annuities: <https://www.legis.iowa.gov/law/iowaCode/sections?codeChapter=508F&year=2015>

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