

CHARITABLE GIFT ANNUITIES ARE POPULAR OPTION FOR MANY UNITED METHODIST DONORS

Of all the Planned Giving options available to donors, Charitable Gift Annuities (CGA's) have become the most popular types of gifts for donors who wish to contribute to local churches, educational institutions and other agencies of the Florida Annual Conference. Perhaps it's because CGA's benefit both charitable institutions and their donors.

Through a Charitable Gift Annuity agreement, donors contribute to charity, and, at the same time, receive an annuity payment for life, plus valuable income tax advantages. Since 1999, the number of Charitable Gift Annuity agreements written by The Florida United Methodist Foundation, Inc., has increased by 81% percent.

A CGA is a simple contractual agreement between a donor and the Foundation. Under the terms of the agreement, a donor transfers cash or other assets to the Foundation in exchange for a fixed annuity payment for life. CGA agreements can be written for one or two annuitants. In the case of a husband and wife, the annuity continues through the surviving spouse's lifetime, after which the remaining value of the annuity goes to the donor's designated church or church-related charity.

The annuity payment is backed by all the assets of the Foundation, and is based on the age(s) of the annuitant(s) at the time the gift is made. Rates for Charitable Gift Annuities are set by the American Council on Gift Annuities, but generally, the older the annuitant, the higher the rate. The annuity payment remains fixed, and donors may set the frequency of payments.

The donor receives a charitable income tax deduction at the time the gift is made, if the donor itemizes deductions. Depending on whether the gift is cash or appreciated assets, other tax benefits may apply. Because the annuity payment to the donor is partially return of principal, a portion of the annuity payment is tax-free. Gifts made through a Charitable Gift Annuity agreement are irrevocable.

Just as CGA agreements may be written for one or two annuitants, they also may benefit one or more recipients. Some donors have designated a church and a community charity. Some donors have designated churches and Conference agencies in more than one state.

As a service to prospective donors, the Foundation maintains a "gift calculator" on its website, www.fumf.org. Visitors may click on the gift calculator icon on the "Welcome" page to find out how a CGA might benefit them and their church.

Site visitors can simply type in their age and a specific dollar amount, select payment frequency and specify whether it is a one-life or two-life agreement. The calculator will do the rest. The calculator will tell you the amount of the annuity payment you will receive, what your charitable income tax deduction will be and how much of the annuity amount is tax-free and how much is ordinary income.

To find out more, consult with your financial advisor or contact the Foundation toll-free at (866) 363-9673.