

Charitable Gift Annuities

A charitable gift annuity is a way to make a gift to The Pittsburgh Foundation, and still receive an income for yourself or others. A donor irrevocably transfers a specific sum of cash, appreciated securities or other property to The Pittsburgh Foundation in return for its promise to pay the donor, another, or both, fixed and guaranteed annual payments for life. The remainder of the Annuity is used to support the donor's fund.

Most gift annuity donors are retired, want to increase their cash flow, seek the security of guaranteed payments, and would like to save taxes. A charitable gift annuity could be right for charitably inclined individuals in any of the following circumstances:

- The interest rates on their CDs and other fixed-income investments have declined, and they would like to increase their cash flow.
- They own appreciated stock or mutual fund shares and have considered selling some of the shares and reinvesting the proceeds to generate more income, but they have hesitated because they don't want to pay tax on the capital gain.
- They would like to count on fixed payments, which are unaffected by interest rates and stock prices and which they cannot outlive.
- They would like to provide financial assistance to an elderly parent, spouse, sibling or other person in a tax-advantaged manner.

Example

A 75 year old individual establishing a \$25,000 CGA with cash, might receive the following benefits:

Income for life

6.3% Charitable Gift Annuity (\$25,000 cash):

The annuitant will receive fixed payments in quarterly installments totaling \$1,575 each year for life. In addition, \$1,111.95 of each year's payments will be tax-free for the first 12.4 years.

A Charitable Income Tax Deduction

6.3% Charitable Gift Annuity (\$25,000 cash):

A federal income tax deduction of approximately \$11,220

The deduction may vary modestly depending on the timing of your gift

Example

An 80 year old man and his 75 year old wife establishing a \$100,000 cash Charitable Gift Annuity might receive the following benefits:

Income for life

5.8% Charitable Gift Annuity (\$100,000 cash)

The annuitants will receive fixed payments in quarterly installments totaling \$5,800 each year for life. In addition, \$4,077.40 of each year's payments will be tax-free for the first 14.8 years.

A Charitable Income Tax Deduction

5.8% Charitable Gift Annuity (\$100,000 cash)

You will qualify for a federal income tax deduction of approximately \$39,684

Your deduction may vary modestly depending on the timing of your gift

Other Benefits

- Possible reduction in probate costs and estate taxes
- Generous support of a fund at The Pittsburgh Foundation
- Membership to the Legacy Society

(NOTE: Deductions for gifts of cash and other non-appreciated property will be limited to 50% of your adjusted gross income. You may, if necessary, take unused deductions of this kind on tax returns over the next five years, subject to the same 50% limitation.)

The Pittsburgh Foundation does not provide legal or tax advice and this information should not be construed as such. Please consult your attorney or financial planning professional for all legal and tax questions.

For more detailed information about Charitable Gift Annuities, please contact the Development and Donor Services team at (412) 394-2653 or development@pghfdn.org.