Creating a Charitable Gift Annuity

With a **Charitable Gift Annuity (CGA)** a donor makes a gift for The Congregational Church of Middlebury, UCC, and in return the donor, along with a second beneficiary if desired, receives a guaranteed fixed income for life. At the end of these beneficiaries’ lives, when our church is named as recipient of the CGA, the residuum (remaining value) will be sent to our church. Although the church does not have the use of the gift now, a CGA is an excellent way for donors to guarantee their future support for the church without reducing the income on which the donors depend from the donated assets (usually securities).

**Types of Charitable Gift Annuities available to our donors include:**

- A single life CGA, where there is only one income,
- A two-life CGA, where payments are made to the two beneficiaries for the duration of the life of the first of the beneficiaries and then entirely to the survivor for the remainder of his/her life, and
- A deferred charitable gift annuity, where a donor establishes a CGA now but defers payments until the beneficiaries are older in order to receive a higher rate of return.

The minimum gift to establish a Charitable Gift Annuity is $5,000. Donors may give cash or publicly traded securities.

**How are annuity payment amounts determined?**

CGA rates of return are standard based on the ages of the beneficiaries when payments begin; the older the beneficiaries are at inception of payments, the higher rates they will receive. As of January 2020, examples of rates of return for a single beneficiary when payments commence at the following ages include:

<table>
<thead>
<tr>
<th>Age</th>
<th>Rate of Return</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>4.3%</td>
</tr>
<tr>
<td>60</td>
<td>4.7%</td>
</tr>
<tr>
<td>65</td>
<td>5.1%</td>
</tr>
<tr>
<td>70</td>
<td>5.6%</td>
</tr>
<tr>
<td>75</td>
<td>6.2%</td>
</tr>
<tr>
<td>80</td>
<td>7.3%</td>
</tr>
</tbody>
</table>

Illustrations for other ages and types of CGAs will be provided on an individual basis.

**What are the benefits of a CGA for a donor?**

The donor has the satisfaction of making an important gift for the church’s future.

If the CGA donor is an income beneficiary, income does not normally decrease and may increase, especially if the gift is a low-yielding security. In the year the CGA is funded the donor is entitled to a charitable deduction for a portion of the gift, as determined by the I.R.S.

If appreciated securities are given, a portion of any capital gains taxes are avoided.
How will CGA gifts for our church be managed?

Our church is relying on United Church Funds (UCF), an associated ministry of the UCC, to manage all CGAs (www.ucfunds.org).

No fees will be levied against either the donors or income beneficiaries.

UCF will send quarterly checks and income tax documents to the income beneficiaries.

When the last income beneficiary has passed away, and our church is the named beneficiary, UCF will send the CGA residuum to our church as a gift in the name of the original donor.

How do I get started?

For more information please contact Planned Giving Committee members Peter Carothers (pcarothers78@gmail.com) or Sally Holland (sallyholland19702@gmail.com, 802-382-8797), or contact the church office.

When ready to move forward with giving a CGA, each donor will work directly with the UCF Planned Giving Office (877-806-4989 x2616).

Thank you for considering a Charitable Gift Annuity benefitting

The Congregational Church of Middlebury, UCC.

*The Planned Giving Committee and The Congregational Church of Middlebury, UCC, do not provide financial or tax advice. Please consult your financial and tax advisors regarding your specific circumstances.*