

Charitable Gift Annuities

Are you looking for a way to ...

- Create a guaranteed lifetime income for you or someone else?
- Accomplish your charitable objectives and have a lasting impact on the community?
- Receive a charitable income tax deduction for part of your gift?
- Reduce your estate taxes?

A charitable gift annuity is the oldest and simplest type of life income arrangement. You make a charitable gift to the Maine Community Foundation in exchange for a fixed income payment to you, or to up to two people you would like to support. On the death(s) of the individual(s) receiving the payments, the remaining money becomes a permanent fund at the community foundation to benefit a nonprofit organization or charitable purpose of your choice.

A low-cost and convenient alternative to creating a trust, the minimum investment is significantly less for a charitable gift annuity than for a charitable remainder trust. You can exchange highly appreciated or low-income yielding securities for a higher, fixed level of guaranteed income offered by a charitable gift annuity.

How the CGA works

- The minimum amount to create a charitable gift annuity is \$25,000, and there is no set-up fee. Maine Community Foundation assesses an ongoing fee for fund administration and investment management that currently is around 2%.
- There can be up to two lifetime beneficiaries. Both beneficiaries need to be at least 60 years old for immediate payments. A deferred charitable gift annuity can be set up for beneficiaries who are 50 years of age or older.
- The donor must currently reside in the state of Maine or live in a state that has straightforward requirements to offer this insurance product (about half the states fit this criteria).
- You enter into a non-revocable contract with the community foundation. In exchange for a specific gift amount, the community foundation pays a fixed and guaranteed payment, quarterly or annually, for the remainder of the life(lives) of the beneficiary(ies).
- The amount of the lifetime payment is based on annuity rates published by the American Council on Gift Annuities, a national standard followed by almost all nonprofit organizations.
- Upon the death(s) of the beneficiary(ies) the remaining principal is held by the Maine Community Foundation to carry out your charitable intentions.
- Your tax consequences depend upon your age, the number of annuitants, the relationship of the annuitant(s), and the type of property being transferred, among other considerations.

For further information or to discuss setting up a charitable gift annuity at the Maine Community Foundation, contact Karen Hartt (khartt@mainecf.org) or Jennifer Southard (jsouthard@mainecf.org). They can also be reached toll-free at 1-877-700-6800.