

CHARITABLE GIFT ANNUITY

FACT SHEET



COMMUNITY FOUNDATION OF NEW JERSEY

A donor may easily establish a CHARITABLE GIFT ANNUITY that provides both a way to receive a guaranteed lifetime income and a way to ensure that his or her favorite charitable organization will receive a financial benefit in the future.

A CHARITABLE GIFT ANNUITY is a contract between one or more donors and the Community Foundation of New Jersey for the benefit of a designated charity. In exchange for the donor's contribution, the Foundation makes fixed, guaranteed payments for life to one or two annuitants – typically the donor(s). The amount paid is based on the age of the annuitant(s) at the time of the gift, in accordance with the American Council of Gift Annuities rate schedule.

The **Community Foundation of New Jersey** has offered Charitable Gift Annuities since 2000, and currently manages \$3.2 million in the program across 78 contracts.

NOT A COMMERCIAL INVESTMENT

A **CHARITABLE GIFT ANNUITY** is not a commercial investment, and should not be viewed as one. It is instead a way to receive annuity payments while making a charitable donation.

A **CHARITABLE GIFT ANNUITY** does, however, provide tax benefits, including a federal income tax charitable deduction, partially tax-free annuity payments, and potential future estate tax savings.

INVESTMENT

The **Community Foundation** invests the entire original amount of the contribution. No funds are expended for the charitable purposes of the contribution until the Charitable Gift Annuity contract payments are satisfied.

GIFT ANNUITY RATES

The gift annuity rates paid by the **Community Foundation** are those suggested by the American Council on Gift Annuities; because a charitable gift is involved, the rates are lower than those available through commercial annuities.

The rates of payment are designed so that one half of the original amount will be available for the charity. The other half will have been consumed by payments out to the donor annuitant in excess of what the annuity payment is expected to earn.

If the donor outlives his or her life expectancy, the **Community Foundation**, not the designated beneficiary charity, maintains the responsibility of paying into the pool to offset the difference between expected and actual numbers.

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ADMINISTRATION

The **Community Foundation** works with Wells Fargo, National Center for Planned Giving to invest and administrate its Charitable Gift Annuity program.

The **Community Foundation** does not charge a fee for facilitating Charitable Gift Annuities. Instead, the Community Foundation will retain 5% of the residual annuity at the time of the final payout to the designated beneficiary charity, as compensation for the risk involved with providing the service.

The annuity payments are a general obligation of the **Community Foundation of New Jersey** and backed by its assets, subject to existing security interests. The **Community Foundation** maintains a gift annuity reserve and surplus fund that is invested in accordance with the laws of the states in which the Foundation offers gift annuities.

The **Community Foundation** is licensed in New Jersey and Florida to issue charitable gift annuities to individuals above the age of 60.

Donors may establish a traditional or deferred Charitable Gift Annuity; the latter allows the donor to fund the annuity and then defer distributions to a point in the future. The **Community Foundation** does not guarantee a payout to the named beneficiary charity, given that an individual may outlive the money provided by the Annuity.

ADDITIONAL INFORMATION

A contribution for a charitable gift annuity is irrevocable. The principal a donor contributes cannot be returned to the donor. The right to annuity payments may not be assigned to any person or organization other than the designated charity. The gift date is the date when the donor actually transfers the assets. In the case of cash, it is the date a donor mails or delivers a check.

The Foundation's obligation to the annuitant shall terminate with the regular payment preceding the death of the survivor of the donors.

For more information on the **Community Foundation of New Jersey's** Charitable Gift Annuities program, visit www.CFNJ.org or call 973.267.5533.

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Foundation
of New Jersey**

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