

Charitable Gift Annuities

Summary:

Charitable gift annuities are the simplest form of life income gift. Charitable gift annuities give you an immediate income tax deduction and regular income payments for life, while providing a gift of the remaining value to Gallatin Valley Land Trust. They are easy to establish, require a minimum gift of only \$5,000 and can be funded with virtually any type of property, including cash, securities, or land.

More Detailed Information:

A charitable gift annuity is partly a charitable gift and partly a purchase of an annuity contract. The donor transfers property to the Gallatin Valley Land Trust (GVLТ). In return, GVLТ enters into a contract agreeing to pay the donor and, if desired, one other beneficiary a fixed income for life.

The Gallatin Valley Land Trust will generally accept a gift annuity from a donor who is at least 60 years of age. GVLТ will also accept a gift annuity from a younger person, provided the annuity payments can be deferred until the donor is at least 60 years old.

Gift Annuity Payments

The amount of the annuity payment is determined by the amount of the donor's contribution, the age(s) and number of annuitants, and the gift annuity rate. The older the annuitant, or annuitants, the higher the annuity payment. The American Council on Gift Annuities has established gift annuity tables for annuitants of different ages, which are based on actuarial life expectancies.

If the charitable gift annuity is funded with cash, part of each payment will be tax-free and represent a return of the donor's tax basis in the property donated. The rest of the payment will be ordinary income. If the charitable gift annuity is funded with appreciated securities or real estate, part of each payment will be taxed as ordinary income, part as capital gain, and part will be tax-free. The donor will receive a Form 1099-R each year specifying how the payments should be reported for income tax purposes.

Income Tax Charitable Deductions

At the time the property is contributed to GVLТ the donor receives an income tax charitable deduction. The amount of the tax deduction depends on the amount of the donor's contribution, the age(s) and number of annuitants, the gift annuity rate, and the federal discount rate at the time of the donation. The deduction will typically range between 25% and 60% of the value of the gifted property.

If you are considering a charitable gift annuity we will be happy to work with you to determine the potential annuity payment amount and the charitable deduction on your income tax. As with any planned gift, it is also critical for you to consult with your legal, tax, and financial advisors.