



**FINANCIAL SERVICES  
FOR THE GREATER GOOD®**

## **A Charitable Gift Annuity – Is It for You?**

*If you are charitably inclined, a gift annuity may be an appropriate way to supplement your retirement income.*

A charitable gift annuity is a contract between you and a qualified charity, such as an educational institution or an arts organization, in which the charity promises to pay a lifetime income to you, or to a person you designate, in exchange for your irrevocable gift of assets, usually cash or marketable securities. You can establish a charitable gift annuity in one of three ways:

- A single-life annuity for yourself or another individual, such as your spouse or your child
- A two-life annuity providing income for two beneficiaries during their joint lives, then for the survivor's lifetime
- A deferred gift annuity, delaying payments for a term of years, but increasing the eventual payment amount.

The terms of a gift annuity are negotiable, including when and how the annuity is paid. The amount of annuity income is determined by multiplying your contribution by an annuity rate — a fixed percentage set by the charitable organization — based on the annuitant's age and assumed life expectancy. Most charities follow the rates suggested by the American Council on Gift Annuities.

Since the responsibility for making payments rests entirely with the issuing organization, *be sure to evaluate its creditworthiness* before making your gift. To help protect donors, many states have strict rules requiring charities to maintain gift annuity reserves and specifying how charities may invest their reserve funds.

### **Tax Features**

You are entitled to an income tax charitable deduction on funding a gift annuity, based on the value of your gift less the actuarial value of the retained income interest. Annuity payments are subject to federal and state (if applicable) income tax. However, a portion of each annuity payment may be considered a tax-free return of principal. If your annuity is funded with appreciated securities and you are the income beneficiary, the tax on unrecognized capital gain is prorated over your life expectancy.

To discuss charitable gift annuities or to find out more about the Trust Company's services, please contact us at **888 842-9001**. To learn more about retirement planning and

other TIAA-CREF financial services, visit us at [www.tiaa-cref.org](http://www.tiaa-cref.org), [schedule an appointment online](#), or call a consultant at **800 842-2776**.

*The tax information provided here is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding tax penalties that may be imposed on the taxpayer. It was written to support the promotion of the products and services mentioned here. Taxpayers should seek advice based on their own particular circumstances from an independent tax advisor. Neither TIAA-CREF nor its affiliates offer tax advice.*

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