



## Chicago Cenacle Charitable Gift Annuity Program

The Chicago Cenacle now offers an option for you to make a meaningful gift to the Cenacle while earning a lifetime fixed income for you and/or others you choose -- by making a charitable gift annuity (CGA) to the Chicago Cenacle.

### What is a Charitable Gift Annuity?

A charitable gift annuity is a contract under which the Chicago Cenacle (through Comerica Charitable Trust), in return for a transfer of cash or other property such as stock, agrees to pay a fixed sum of money for a period measured by one or two lives. The person who contributes an asset for the annuity is called the "donor," and the person who receives payments is called the "annuitant." Usually, the annuitant is also the donor, but this is not always true. The maximum number of annuitants is two, and payments can be made to them jointly or successively. All annuitants must be a minimum of 60 years of age.

### How It Works

You transfer cash or other assets of \$10,000 or more to the Chicago Cenacle by completing a simple agreement that can be done by mail, if you wish. You and/or the person you designate, receive fixed income payments for life earned on that \$10,000. The amount of your payment is a percentage of your gift determined by the annuitant's age and other factors at the time your gift is made. Because your gift is irrevocable, you will be entitled to an immediate income tax charitable deduction. In addition, part of each annual payment is tax-free for the period of time equal to the annuitant's life expectancy. Upon death of the annuitant(s), the residual \$ amount that remains of your original gift passes to the Chicago Cenacle.

If you wish, you can also choose to name another person (typically a spouse, parent, or sibling) to receive payments with you, instead of you, or following your lifetime for the remainder of his or her life. Once again, they must be a minimum of 60 years old. The assets used to fund your gift annuity will generally be removed from your estate for tax purposes.

You can choose to fund a new gift annuity with the ChicagoCenacle each year. Because payment rates increase with age, each gift annuity generally brings larger annual payments.

When long-term appreciated assets, such as stock that have increased in value, are given as a gift annuity, part of the capital gains tax that you would pay upon the sale of the stock can be avoided at the time of the gift, you will receive a current income tax charitable deduction, and a portion of the gain can be reported over the annuitant's life expectancy.

### Charitable Gift Annuity Payments

Payments from a charitable gift annuity are fixed. They will not increase nor decrease, whatever happens to interest rates or the stock market. Comerica Charitable Trust is contractually obligated to make the payments to you on behalf of the Cenacle. The size of the payments from a Chicago Cenacle charitable gift annuity depends on the following factors:

- The gift annuity rate as recommended by the American Council on Gift Annuities.
- The value of the contribution.
- The number and age of annuitants.

## **Gift Annuity Rates**

The Chicago Cenacle uses the rates established by the American Council on Gift Annuities (ACGA), which periodically publishes a schedule of suggested charitable gift annuity rates. Donors generally find that the rates offered by various charities are identical. This encourages donors to make philanthropic decisions based on the cause of the charities they consider supporting, rather than the rates offered. Charitable gift annuity rates are lower than those offered by insurance companies so that a significant portion of a contribution will be available for charitable purposes.

## **How You Benefit From a Gift Annuity**

Most gift annuity donors are retired, want to increase their cash flow, seek the security of guaranteed payments, and would like to save taxes. A charitable gift annuity could be right for you in any of the following circumstances:

- The interest rates on your CDs and other fixed-income investments have declined, and you would like to increase their cash flow.
- You own appreciated stock or mutual fund shares and have considered selling some of the shares and reinvesting the proceeds to generate more income, but you have hesitated because you don't want to pay tax on the capital gain.
- You would like to count on fixed payments, which are unaffected by interest rates and stock prices and which you cannot outlive.
- You want to assure continuation of payments to a surviving spouse without the delay of probate proceedings.
- You would like to provide financial assistance to an elderly parent, a sibling, or other person in a tax-advantaged manner.

## **Taxation of Gift Annuity Payments**

If your gift annuity is funded with cash, part of the payments will be taxed as ordinary income and part will be tax-free. If funded with appreciated securities or real estate owned more than one year, and you are receiving the annuity payments, part of the payments will be taxed as ordinary income, part as capital gain, and part may be tax-free. Comerica will send a Form 1099-R to the annuitant. This form will specify how the payments should be reported for income tax purposes. For details regarding the taxation of gift annuity payments, it is wise to consult with your financial advisor.

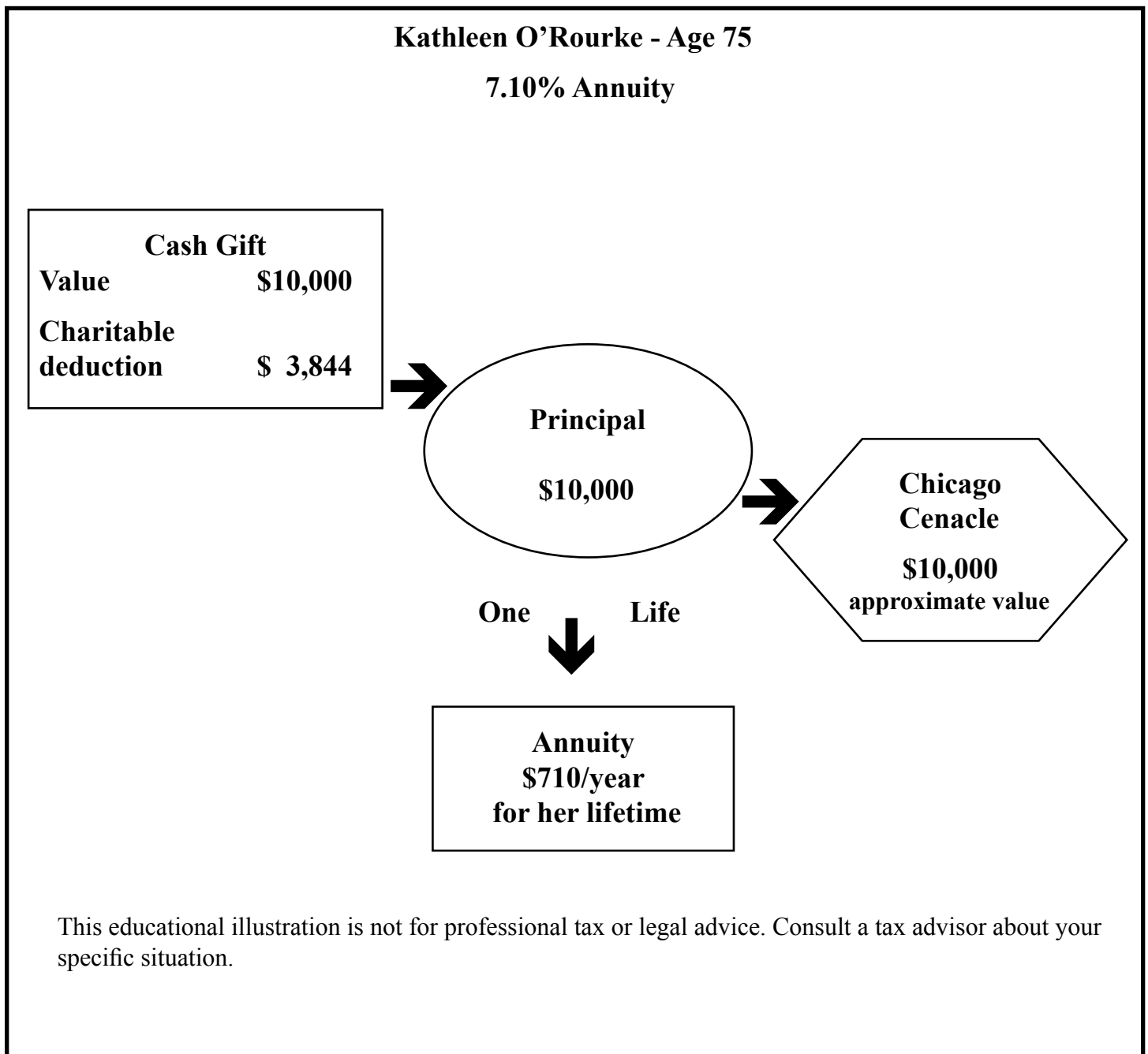
## **Income Tax Charitable Deduction**

If you itemize deductions, you can claim a charitable deduction for a portion of the original gift. This deduction can result in significant income tax savings. In short, the deduction is equal to the amount of the contribution less the present value of the payments that will be made to the you and/or other beneficiary during life. The present value of those payments is determined using IRS tables regarding life expectancy and assumed earnings, and taking into consideration the amount contributed and the gift annuity rate. The Chicago Cenacle can provide these calculations if you are exploring whether a gift annuity is appropriate.

## Here's an example

Kathleen, age 75, decides to give a \$10,000 cash gift for a Chicago Cenacle charitable gift annuity. The payment rate at Kathleen's age is 7.1%. She will receive a payment each year of \$710 for life.

- Amount transferred to the Cenacle — \$10,000
- Rate of payment to Kathleen — 7.1%
- Annual payment to Kathleen for her lifetime — \$710
- Immediate income tax charitable deduction — \$3,844



## Steps to Complete a Chicago Cenacle Gift Annuity

You can complete the attached application and mail it to the address listed below. We will prepare a financial illustration showing the amount of payments, how they would be taxed, and the charitable deduction generated by the gift. We suggest that you discuss the financial illustration with your tax or financial advisor. They can help you make an informed decision, taking into consideration all relevant factors. When you decide to make a charitable gift annuity to the Chicago Cenacle, we will send you a simple agreement to complete and return to us. Or, if you wish, we would be happy to meet with you. For more information, please contact the development office at the Chicago Cenacle at 773-528-6300 or e-mail Joan Diamond, Development Associate, at [jdiamond@cenaclechicago.org](mailto:jdiamond@cenaclechicago.org).

### REQUEST FOR CHIGAGO CENACLE GIFT ANNUITY ILLUSTRATIONS

Date: \_\_\_\_\_

Name of Donor(s): \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Phone: \_\_\_\_\_

Date of Birth: \_\_\_\_\_

Are the donor(s) also the annuitants? Yes \_\_\_\_\_ No \_\_\_\_\_

If no, please list the name(s) and date(s) of birth of the annuitant(s) [Minimum age of 60 years old]

\_\_\_\_\_  
\_\_\_\_\_

#### The Annuity Contract will be funded with:

Cash \$ \_\_\_\_\_

Appreciated Asset with a value of \$ \_\_\_\_\_

Cost Basis of \$ \_\_\_\_\_

#### Annuity Distribution Frequency:

Quarterly \_\_\_\_\_ Semi-Annually \_\_\_\_\_ Annually \_\_\_\_\_

#### Current Income Tax Bracket

10% \_\_\_\_\_ 15% \_\_\_\_\_ 25% \_\_\_\_\_

28% \_\_\_\_\_ 33% \_\_\_\_\_ 35% \_\_\_\_\_



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