

THE GIFT ANNUITY



PHOTO BY DAN DRY

INCOME FOR LIFE FOR YOU, COUNTLESS BENEFITS FOR FUTURE GENERATIONS

A charitable gift annuity is an extraordinary way to make a gift to the University of Chicago, increase your income, and reduce your tax bill, all in one transaction. The University's charitable gift annuity program is a wonderful opportunity for our alumni and friends to make a significant gift while still retaining income from the gift property during their lives.

EXAMPLE BENEFITS OF A \$10,000 CHARITABLE GIFT ANNUITY

Age	Annuity Rate	Recipient's Annual Payment	Charitable Deduction
60	4.4%	\$440	\$2,582
70	5.1%	\$510	\$3,900
80	6.8%	\$680	\$4,908
90	9.0%	\$900	\$6,243

*Rates effective 1/1/12 and subject to change.
Deductions vary according to current interest rates.*

A charitable gift annuity is a contract with the University in which you exchange a gift of cash or securities for a fixed income each year for the rest of your life (or for the lives of two people).

YOUR GIFT ANNUITY OFFERS FIVE DISTINCT ADVANTAGES:

- Income for life—at attractive payout rates for one or two lives.
- Tax deduction savings—a part of what you transfer is a deductible charitable gift.
- Tax-free payout—a part of your annual payment is tax-free return of principal.
- Capital gains tax savings—when you contribute securities for a gift annuity, you minimize any taxes on your unrealized gain.
- Personal satisfaction—from making a gift of lasting significance.

YOU CAN CHOOSE TO:

- Designate another person to receive payments either with you, instead of you, or only following your lifetime. This can be a wonderful way to provide a stream of income for a spouse or other loved one in the future.
- Fund your gift with cash or securities. Cash gifts allow maximum tax-free payments; gifts of securities allow you to minimize capital gains taxes.
- Defer payments until a predetermined date in the future. Future payments can be higher depending on your age at the time the gift is established. Deferring payments, even for a few years, often results in higher payout rates and a higher income tax deduction than with an immediate payment gift annuity.
- Remember that the charitable gift annuity is an irrevocable gift commitment but one with excellent tax and financial benefits.

THE OFFICE OF GIFT PLANNING

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THE UNIVERSITY OF
CHICAGO

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GIFTS OF SECURITIES SAVE TWICE

A gift annuity funded with appreciated securities may hold special advantages. If you gave \$10,000 worth of stock in which you have a \$3,500 long-term capital gain, you could avoid some tax that you would owe were you to sell the stock. Suppose your charitable deduction were 40 percent of the \$10,000 you gave. You would avoid tax on 40 percent of your \$3,500 gain. The remaining capital gain could be reported in prorated amounts over your life expectancy.

TRANSFORM CDS INTO GIFT ANNUITIES

Do you have certificates of deposit that are nearing maturity? Consider converting CD funds to a gift annuity. Take the case of Mrs. Loomis, age 75, who has \$10,000 in a CD that will mature next month. She thinks she can get 2 percent interest on a new CD. But Mrs. Loomis had been thinking about leaving the University \$10,000 in her will and that leads her to a better plan: a charitable gift annuity. For a \$10,000 gift, Mrs. Loomis will receive (1) annual income of \$580 (5.8 percent), of which \$450 will be tax free, (2) an income tax charitable deduction of \$4,426, and (3) the immediate satisfaction of making a truly significant gift.

HOW MUCH INCOME WILL I RECEIVE?

Gift annuity rates are determined by the age of the person or persons who receive the income payments and are fixed at the time the gift annuity is established. If you provide us with your birth date, we can provide you with the applicable payout rate.

THE PHOENIX SOCIETY—SHOWING OUR GRATITUDE

The Phoenix Society recognizes donors who support the University through an estate commitment or life-income arrangement, such as a charitable gift annuity. Members of the Phoenix Society receive a special memento and are invited to exclusive University events, both on campus and in various cities around the country. We are also proud to recognize our members in an annual Honor Roll of contributors (unless anonymity is requested).

FOR MORE INFORMATION

We would be pleased to provide you with a personalized illustration and answer all of your questions about gift annuities. Please contact the Office of Gift Planning at 866.241.9802 or giftplan@uchicago.edu, or visit giftplanning.uchicago.edu.

These materials are intended to provide general information that we hope will be helpful to you in your tax, estate, and charitable planning. It is not intended as legal advice and should not be relied upon as legal advice. Figures, calculations, and tax information are based on federal tax laws, regulations, rulings, and rates applicable at the time such information was prepared and are for illustration purposes only. Individual state laws may have an impact on the availability of gift annuities. For advice or assistance with your particular situation, you should consult an attorney or other professional adviser.