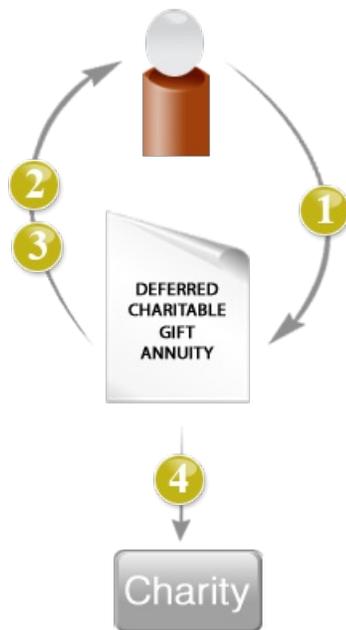


Deferred Gift Annuity - For More Income Later

As rate charts reveal, gift annuity rates are higher for older individuals. As a result, gift annuities are generally most attractive to persons in their retirement years.

If you are still planning for your retirement or in your early retirement years and you would like to receive higher payments at a future time, you might want to consider an option known as a **deferred gift annuity**. Under the terms of a deferred gift annuity, you transfer funds to Midwestern University today and enjoy an immediate income tax savings, while higher payments to you are delayed until a future date you determine.

Example



1. Jane, age 71, will transfer assets valued at \$50,000.00 on September 22, 2020 to Midwestern University in exchange for a deferred gift annuity, which will provide income for life starting on 5/1/2027.
2. The annuity will make payments of **7.1%** of the gift amount annually, which is \$3,550 per year.
3. The gift will result in an immediate charitable income tax deduction of \$25,995.25. Additionally, the \$50,000 given in exchange for the annuity will not be subject to estate taxes.
4. At the end of the annuity period the amount of the gift, less the value of the life payments, will be used by Midwestern University to further its mission.

 [View Full Text Version](#)

This example has used the July 2020 IRC Section 7520 discount rate of 0.6% to optimize the charitable deduction.

NOTE: This calculation is provided for educational purposes only. The type of assets transferred, the actual date of the gift, and other factors may have a material effect on the amount or use of your deduction. You are advised to seek the advice of your tax advisors before implementing a gift of this type.

See questions & answers about [deferred gift annuities](#)

© Copyright 2020 by Sharpe Group. All Rights Reserved.

Source URL (retrieved on 09/22/2020 - 10:06): <https://midwestern.givingplan.net/pp/deferred-gift-annuities/3112>