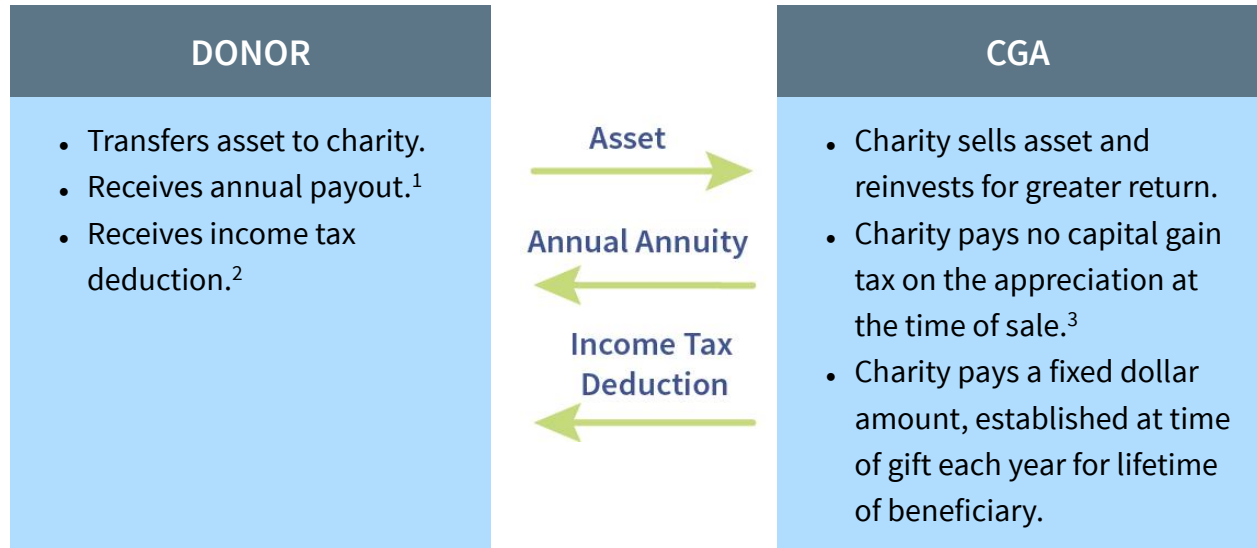


# How a Charitable Gift Annuity Works

The donor transfers an asset to a charity and each year thereafter receives an annuity, i.e. a payment in a fixed dollar amount. The annual payment is set at the time the gift is made. A current income tax deduction is also available.



When the donor or other named beneficiary dies, the charity has no further financial obligations to pay.

<sup>1</sup> Annuity payments are part return of principal (nontaxable), part ordinary income and (if any) part capital gain. Once a donor has recovered his or her basis, the annuity payments are fully taxable.

<sup>2</sup> This deduction may have to be spread over more than one year if it exceeds certain percentage of income limitations.

<sup>3</sup> If certain requirements are met, the donor may recognize any capital gain ratably over the time period the annuity is expected to be received. Otherwise, the donor must recognize all capital gain in the year the annuity transaction is entered into.

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# Disclosure Notice

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The information that follows is intended to serve as a basis for further discussion with your financial, legal, tax and/or accounting advisors. It is not a substitute for competent advice from these advisors. The actual application of some of these concepts may be the practice of law and is the proper responsibility of your attorney. The application of other concepts may require the guidance of a tax or accounting advisor. The company or companies listed below are not authorized to practice law or to provide legal, tax, or accounting advice.

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