A Charitable Gift Annuity (CGA) is a legal contract between a donor and a charitable organization. The donor gives cash, stocks, or other assets in exchange for an agreed-upon income for life. Upon the donor’s death, the charitable organization has full access to the principal of the gift.

Of all the gifts that provide life income for donors, the charitable gift annuity may be the simplest, most accessible, and among the most powerful. Unlike trust arrangements, the donor contributes directly to York College. The College then agrees to pay directly a fixed annual payment, backed by the full faith and credit of our organization. A straightforward contract signed by the donor and College officials is the only document needed for the income stream to take effect.

Summary: Benefits of a Gift Annuity

- **Simplicity and Accessibility**
  A charitable gift annuity is relatively easy to create. The agreement is just several pages in length. The minimum for a York College CGA is $25,000, but CGAs are also suitable for larger contracts. Donors sometimes “ladder” CGAs in increments over a period of time to achieve a larger gift toward a naming opportunity at the College.

- **A Relatively High Payment Rate**
  A 75 year old man or woman, for example, will earn an annuity of 5.8%. Rates vary by age, and older donors receive higher rates. Payments are partly tax-free, and the effective rate of your charitable gift annuity could be even more impressive.

- **Guaranteed, Fixed Income for Life**
  The life income that the donor will receive in exchange for the gift will not change. The rate is set when he/she establishes the gift annuity. For example, if the donor is to receive a 5.8% return on a $100,000 gift, he/she will receive $5,800 every year for life.

- **Income Tax Charitable Deduction**
  A portion of the donor’s CGA at York College will be classified as a charitable gift, allowing the extra financial benefit of a current income tax deduction.

- **Capital Gains and Estate Tax Savings**
  If the gift annuity is funded with a highly appreciated asset, such as stocks or real estate, the donor can reduce the amount of capital gains tax that would be owed if the asset was sold outright. Also, assets the donor uses to establish a gift annuity will be removed from the donor’s estate for federal tax purposes.

Please contact Mark Rank in the York College Advancement Office (717-815-1218; mrank@ycp.edu) if you would like a personal illustration of how a Charitable Gift Annuity will benefit you.

*December 16, 2013*