

Charitable Gift Annuity

A Charitable Gift Annuity uses your gift of cash or appreciated securities to provide you with income for your lifetime as well as your spouse's. You can begin payments immediately or defer payment to a future date. Regardless of when payments begin, you will receive ongoing, regular payments that remain constant, regardless of shifts in the economy. Upon the death of those named to receive income, the charitable remainder of the gift annuity will be used by your hospital to support the health care programs of your hospital.

Charitable gift annuities can be established with as little as \$10,000.

Benefits to You, the Donor

- You will receive a guaranteed annual income payments for the remainder of your life
- Charitable Gift Annuities can be established with cash and/or publicly-traded securities or mutual funds. When giving appreciated securities you bypass the capital gains at the time of the gift.
- You, your spouse or family members can be named as income recipients.
- Income payments can begin immediately or be deferred to a future date or deferred to a flexible date.
- Income payments are fixed and the percentage is based on a donor's age at the time the gift is made. Gift annuity rates are calculated using rates published by the American Council on Gift Annuities. Payments are guaranteed based on the full faith and credit of the Foundation.

Charitable Benefits of the Gift Annuity

Upon the death of the income recipients, the charitable remainder of the gift annuity will be used to support the mission of your hospital's Foundation. The charitable remainder of the gift annuity may be designated to support the area of greatest need (unrestricted) or may be designated by the donor to support a specific program or endowment.

Example Donor Story

The Donor. Woman, age 76, decides to cash in a matured certificate of deposit (Bank CD) to create a stream of income to supplement her retirement income and benefit her hospital.

Her Gift. She established a charitable gift annuity using \$25,000 cash. Based on her age, the gift annuity payout percentage was set at 7.2%, providing her with a guaranteed income of \$1,800 every year for her life. Approximately \$1,100 of this annual income is free from income tax during her life expectancy. She also received a charitable income tax deduction of \$12,018.

Upon her death, the charitable remainder of her gift annuity will be used to support the mission of her hospital. *

* The dollar amounts in this example are an estimate. Gift annuity payments are guaranteed based on the full faith and credit of the Foundation and are not insured under any government entity. Charitable deductions are based in part on the prevailing IRS discount rate. This example reflects a prevailing rate of 3.6%.

Income and Tax Benefits of a \$25,000 Charitable Gift Annuity (Lifetime Benefit) Through the Kapi'olani Health Foundation*

<u>Age</u>	<u>Annuity Rate</u>	<u>Annual Income</u>	<u>Charitable Gift Deduction</u>
65	6.0%	\$1,500	\$6,855
73/75 (two lives)	6.2%	\$1,500	\$7,163
75	7.1%	\$1,775	\$9,823
85	9.5%	\$2,375	\$12,436
90	11.3%	\$2,825	\$13,817

* Charitable Gift Annuities are age sensitive. They provide the greatest financial benefits to older donors, who receive the highest income rates, currently upward of 11 percent. Kapi'olani Health Foundation uses the suggested annuity rates set by the American Council on Gift Annuities. The Charitable Deductions above are based in part on the prevailing IRS discount rate which changes from time to time.

For More Information

For more information please contact Jeff Pederson, Director of Planned Giving for The Foundations of Hawaii Pacific Health at (808) 535-7134 or jeff.pederson@kapiolani.org. He can assist you by providing a personalized illustration that describes the income and tax benefits you could receive. All inquiries are strictly confidential.