



# Amherst College

## Charitable Gift Annuity

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Among this nation's oldest and most popular planned gifts, charitable gift annuities offer a wonderful opportunity to provide for a generous future gift to Amherst. In an economy with low interest rates, this option may be an excellent way to balance your portfolio.

A charitable gift annuity represents a contract between a donor and the College by which the College agrees to pay the donor and/or other named beneficiaries a fixed income each year for the lifetime of those named in the contract (the *annuitant(s)*).

This payment is secured by the full assets of Amherst College and will not change regardless of fluctuations in the stock market or the economy in general.

### ***Minimum Gift Amount***

The minimum gift to create an Amherst College Gift Annuity is \$10,000. Contributions can be in the form of cash, appreciated securities or mutual fund shares, or other property acceptable to the College. All gifts of appreciated property should be held long term by the donor (at least a year and a day).

Because each gift annuity is a separate contract, additional annuities must also be for \$10,000 or more.

### ***Income Based on Age of Annuitant***

The amount of income Amherst will pay depends on the age of the annuitant at the time the contract is issued. The older the annuitant is, the greater the amount of income. A single annuitant, age 65, will receive an annuity rate of 5.7 %; an 80-year-old annuitant will receive a 8.1 % annuity rate.

Annuities based on two lives (most commonly a husband and wife) are also available, with rates

generally lower. Any person named as an annuitant must be 60 years of age or older. (*See the reverse side of this sheet for a current Amherst College Gift Annuity rate table.*)

For individuals who may not need immediate income, there are two options that are variations of the standard, immediate payment gift annuity—the *deferred payment* gift annuity and the *flexible payment* gift annuity. These options defer the start of the income payments to some future point in time, most commonly retirement, effectively increasing the payout rate while still affording the donor the tax advantages discussed below.

### ***Tax Advantages of Gift Annuities***

A charitable gift annuity is actually part gift and part purchase of a lifetime annuity contract from the College. The portion that represents a gift to the College is deductible on your federal income tax return if you itemize your deductions. The size of the deduction is determined by the age of the annuitant, the amount of the gift, and a monthly interest rate factor provided by the IRS.

Gift annuities also offer the opportunity to receive income on a tax-favored basis. When the annuity is funded with cash, a significant portion of the income is treated as tax-free return of principal over the annuitant's life expectancy. When appreciated securities or other assets are used to fund the annuity, the income will be taxed as tax-free income, capital gain income and ordinary income, once again generally over the life expectancy of the annuitant.

***Special Consideration with Gifts of Appreciated Property***

Gift annuities are treated differently from other life income gifts for capital gains tax purposes. At the time the contract is issued, that portion of the capital gain attributable to the annuity is taxable to the donor. If the donor is the income beneficiary of the annuity, the capital gain is spread out over the donor's life expectancy, and taxed at the capital gains tax rate.

For more information about charitable gift annuities or other planned gifts at Amherst, please see our website [giftplanning.amherst.edu](http://giftplanning.amherst.edu) or contact Julie Lackner, Director of Gift Planning, Amherst College, PO Box 5000, Amherst, MA 01002-5000, phone: 413-542-5193, fax: 413-542-2042, email: [jlackner@amherst.edu](mailto:jlackner@amherst.edu).

*Individuals considering a charitable gift annuity or other planned gift are strongly encouraged to consult with their financial advisor.*

**Current Gift Annuity Rates**

One-Life Contract			
Age	Payout Rate	Wait five years before payments begin	Wait ten years before payments begin
60	5.2%	7.1%	10.0 %
65	5.7%	7.9%	11.1 %
70	6.3%	8.8%	12.8 %
75	7.0%	10.1%	14.4 %
80	8.1%	11.4%	16.0 %
85	9.1%	12.6%	16.0 %
90	10.1%	12.6%	16.0 %

Two-Life Contract			
Age	Payout Rate	Wait five years before payments begin	Wait ten years before payments begin
60/60	4.7%	6.3%	8.7%
65/65	5.0%	6.9%	9.8%
70/70	5.5%	7.8%	10.9%
75/75	6.2%	8.6%	12.8%
80/80	6.9%	10.1%	15.5%
85/85	8.1%	12.3%	15.6%
90/90	9.8%	12.4%	15.6 %