



CHARITABLE GIFT ANNUITY

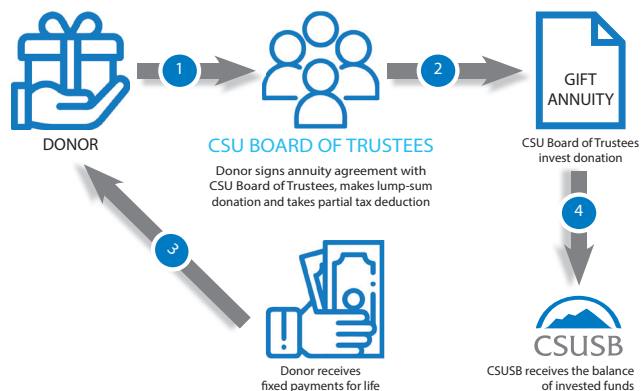
GIFT GUIDE



CALIFORNIA STATE UNIVERSITY
SAN BERNARDINO

Planned Giving

WHAT IS A CHARITABLE GIFT ANNUITY?



A charitable gift annuity is a contract between you and CSUSB that provides you with a stream of income for life.

HOW DOES A CHARITABLE GIFT ANNUITY WORK?

You make a gift of cash or property to CSUSB. In return, we will make payments for life to you, you and a loved one, or another person. Each payment will be fixed and the amount of each payment will depend on the age of the person who receives them. After all payments have been made, CSUSB will receive the remaining value of your gift to support the programs and areas that matter to you.

BENEFITS OF A CHARITABLE GIFT ANNUITY

Security: Many people like the security of a charitable gift annuity, as the contract is backed by the assets of California State University. Now is a great time to lock in your payout rate with a gift to fund a charitable gift annuity.

Fixed Payments: A charitable gift annuity guarantees fixed payments for life for one or two annuitants. The payments are fixed as a percentage of the original funding amount and based on the age(s) of the annuitant(s).

Charitable Deduction: You may benefit from a charitable income tax deduction for the year in which the gift is made. The deduction amount will be the present value of the gift made to charity, taking into account the value of the projected payments.

Partially Tax-Free Payments: A portion of each annuity payment may be tax-free for the annuitant. The tax-free amount reflects any return in basis for cash or money spent to purchase the funding asset. This amount, which was already subject to tax, is paid tax-free over the annuitant's life expectancy.

Partial Bypass of Gain: If you gift appreciated property in exchange for a charitable gift annuity, you can partially bypass capital gains tax. The capital gain (normally due on the sale of the property) will be prorated between your income interest and the charitable gift portions of the annuity. You will bypass (pay no tax on) the capital gain allocated to the charitable gift portion of your annuity.

CHARITABLE GIFT ANNUITY FUNDING ASSETS

There are a number of ways you can fund a charitable gift annuity:

Cash

Cash is often used to fund charitable gift annuities. By funding an annuity with cash, a portion of your annuity payment will be tax-free.

Stock

Stock may also be used to fund a charitable gift annuity. If you own stock that has appreciated in value, you can avoid part of the capital gains tax by gifting your stock in exchange for a charitable gift annuity. The remaining capital gains will be paid and taxed over your life expectancy (see “Charitable Gift Annuity Taxation” on next page).

IRA or Pension Plan

Another planning option that works well is to fund a charitable gift annuity with your IRA that benefits someone else when you pass away. This is known as a “testamentary gift annuity,” created through your will and an IRA beneficiary designation that directs the funds will go to charity to fund the gift annuity at your death.

Additionally, the Legacy IRA Act passed at the end of 2022 created the option for donors over age 70 ½ to now be able to use a qualified charitable distribution (QCD) from their IRA to fund a charitable gift annuity (CGA). This new charitable planned giving opportunity could be an appealing and viable method for making an impactful gift that also creates added income and security for your retirement, all without using any discretionary income.

Parameters specific to a CGA funded with a QCD:

- » The transfer is one-time only, up to \$50,000 in a single year. So, a donor can transfer amounts less than \$50,000 in a year, then add more in the same year. But no additional transfers are available in future years even if the balance is less than \$50,000.
- » The entirety of the gift annuity payment(s) will be fully taxable.
- » There is no charitable deduction.
- » Only the IRA owner and/or his/her spouse may receive payments from the CGA funded by the new QCD. No payments are allowed to children or others.
- » Spouses can each contribute up to \$50,000 from their respective IRAs for one joint-life charitable gift annuity.

CHARITABLE GIFT ANNUITY TAXATION

HOW CHARITABLE GIFT ANNUITY PAYOUTS ARE TAXED

Part of the payment is treated as ordinary income and taxed at the annuitant's ordinary income rate. Part of the annuity payment may be paid tax-free to the annuitant. In addition, if the annuity is funded with appreciated property, then part of the annuity payment might be taxed as capital gain.

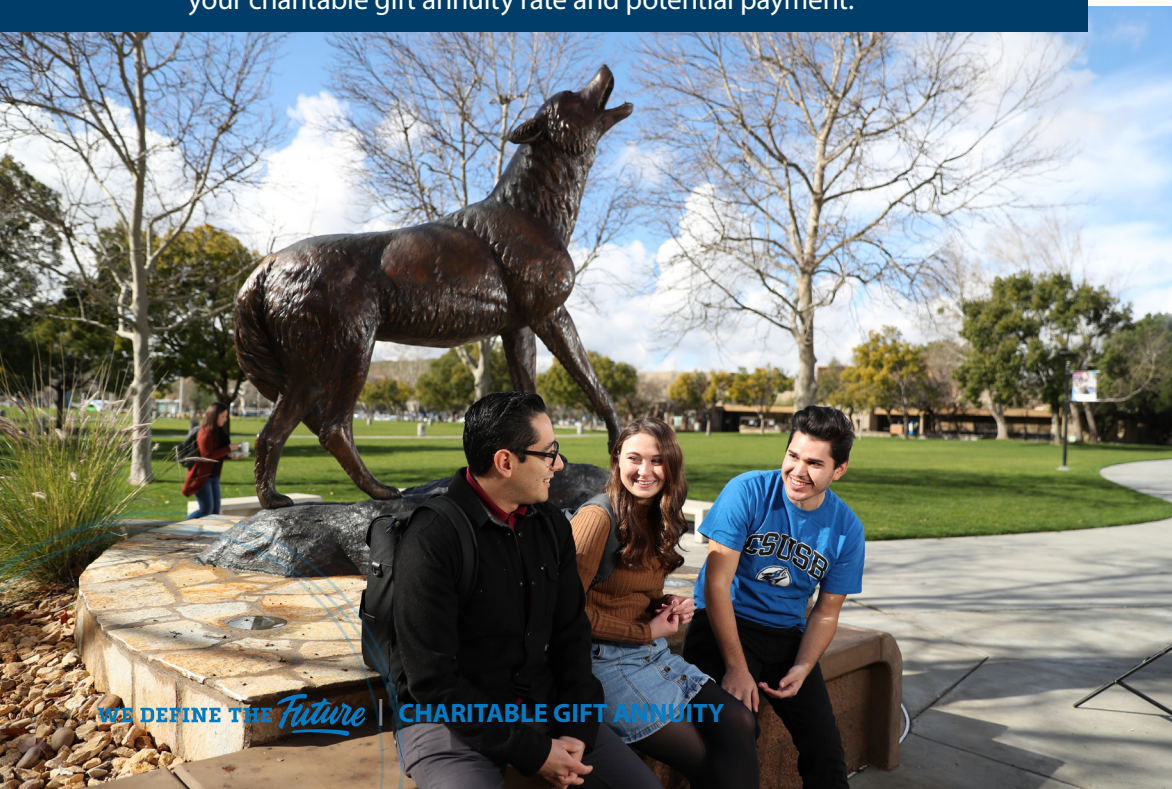
Capital Gains Tax

A donor may fund a charitable gift annuity with appreciated property. The capital gain that is allocated to the annuity may be prorated over the donor's lifetime (and that of the spouse if the property is held jointly). However, when the donor sets up a gift annuity for someone other than the surviving spouse, the donor must recognize the capital gain and pay the tax upon funding the annuity.

ONE GIFT, A LIFETIME INVESTMENT.

A charitable gift annuity may be a great solution for you.

A charitable gift annuity is an excellent gift method for achieving your goals. You can receive lifetime payments (or help a family member) and benefit from tax savings this year. Best of all, your gift will help **transform tomorrow** at CSUSB. Please contact us to learn more, or to view a custom illustration with your charitable gift annuity rate and potential payment.



DEFERRED GIFT ANNUITY FOR RETIREMENT INCOME

Perhaps you desire to make an impactful gift to CSUSB that also increases your income for retirement, but you don't need the income right away.

Several options may help you meet your goal in this situation:

Deferred Gift Annuity

A deferred gift annuity begins making payments for the life of the annuitant at a set date at least one year in the future. This gives the annuity recipient higher payments and a higher income tax deduction for the donor.

Gift Annuity for a Term of Years

A deferred gift annuity begins making payments on a set date more than one year in the future for the life of the annuitant. However, a deferred gift annuity may be converted to a term of years.

Flexible Deferred Gift Annuity

While a standard annuity begins making payments on a set date in the future, a flexible deferred gift annuity allows the annuitant to begin receiving payments at any year within a range of years. This is a nice option for a donor who would like to plan for retirement income but is not certain when he or she will retire.



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