

# Establish a charitable gift annuity by June 30 to lock in higher rates

For the first time in six years, the American Council on Gift Annuities will lower gift annuity rates for immediate and deferred gift annuities. These lower rates will take effect July 1, 2008. The case study below illustrates the potential impact of the fixed rate change.

## For a \$20,000 gift of Appreciated Stock made by June 30, 2008

Barbara W., age 70, transfers long-term appreciated stocks with a current fair market value of \$20,000 (original cost basis was \$4,000) to the Oklahoma City Community Foundation. Based upon her age, her annuity rate is 6.5 percent so she will receive \$1,300 each year for the remainder of her life. Approximately \$169 of the \$1,300 will be completely tax free and about \$674 will be taxed at the more favorable long-term capital gains rate. In addition, she'll be able to take a charitable deduction of about \$6,600 in the year the annuity is established.

## For the same \$20,000 gift of Appreciated Stock made after July 1, 2008

For the same gift of appreciated stock, Barbara W.'s annuity rate would drop to 6.1 percent and she would receive \$1,220 in annual income for the remainder of her life. Approximately \$163 of the \$1,220 will be completely tax free and approximately \$652 will be taxed at the more favorable long-term capital gains rate. In addition, she will be able to take a charitable deduction of about \$7,033 in the year the annuity was established.

## Case study at a glance

	Before June 30, 2008	After July 1, 2008
Annuity Rate*	6.5 percent	6.1 percent
Annual Payment	\$1,300	\$1,220
Tax-free	\$169 of the \$1,300	\$163 of the \$1,220
Taxed as capital gain	\$695	\$652
Charitable deduction in year of establishment	\$6,182	\$7,033

\*Once an annuity is established, the rate remains fixed.

## For more information

To discuss establishing a charitable gift annuity, contact Joe Carter at 405/606-2914 or [j.carter@occf.org](mailto:j.carter@occf.org).

A charitable gift annuity is a smart choice for individuals looking for a way to provide a guaranteed life income for themselves or a loved one while receiving maximum tax benefits for a future gift to charity.

## What is a charitable gift annuity?

It is a contract through which a donor, age 55 or older, transfers a minimum of \$20,000 in assets to the Oklahoma City Community Foundation in exchange for a guaranteed life income. The fixed annuity is paid quarterly. At the end of the contract, the annuity assets are directed to benefit the donor's chosen charitable endowment or the assets can be used to establish an advised fund through which family can remain involved in the donor's charitable giving.

Charitable gift annuities are an easy way to convert low-yielding stocks, certificates of deposit or cash to a higher stream of income for you or a loved one while also removing taxable assets from your estate.

## Let Us Help You

The Oklahoma City Community Foundation offers six annuity options including single and two-life contracts and deferred payment contracts. Most importantly, we make establishing a charitable gift annuity simple and flexible. If you would like more information, please contact Joe Carter at 405/606-2914 or visit [www.occf.org](http://www.occf.org).



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