



Charitable Gift Annuities

The gift that gives back to students ... and to you



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Did you know a gift to Abilene Christian University could offer you guaranteed annual payments back for life? It's true. A charitable gift annuity at ACU is a gift that gives back to both students and you.

Most of us need no reminder that few things in life are ever guaranteed. Despite the liberal use of the word "guaranteed" in marketing, most of us are skeptical of this concept. Yet the charitable gift annuity provides two guarantees:

- You (or a designated annuitant) will receive a set, guaranteed annuity payment for life.
- You and ACU can immediately begin reaping the rewards of your desire to support the university's mission to educate students for Christian service and leadership through the world.

Annuity agreements are simple contracts, and your lifetime payments are guaranteed by ACU and backed by the university's assets. And in addition to lifetime income, a charitable gift annuity also offers an immediate charitable tax deduction. Charitable gift annuities can be a powerful tool for retirement income planning and tax savings.





How Does it Work?

The charitable gift annuity is an effective tool in supplementing retirement income plans as well as offering current and future tax benefits unique to charitable planning options.

Creating a legal agreement

A charitable gift annuity is a legal, contractual agreement between the donor and Abilene Christian University. The donor makes a gift to ACU, and in return, ACU agrees to make annuity payments to the donor as long as he or she lives.

Calculating gift annuity payments

- The ACU charitable gift annuity is attractive because the annuity rate – the percentage used to determine the annual income payment to the donor – is based on the donor’s age. Older donors receive a higher annual return.
- Current annuity rates are as high as 9.5 percent.
- Two life gift annuities are also available. Because they are calculated based on the life expectancy of two individuals, annuity contracts for two lives pay a lower annuity rate than those that are only guaranteed for one lifetime.
- The table on the left is a sampling of one-life and two-life gift annuity rates for selected ages.

Gift annuities as a planning tool

- An ACU charitable gift annuity can be constructed to provide guaranteed income to an individual donor, a couple or other designated annuitant.
- If you choose, it is possible to increase both the annuity rate and the tax benefits by deferring the income payments for a period of years, which is called a deferred payment charitable gift annuity.
- For this reason, the charitable gift annuity is an effective tool in supplementing retirement income plans as well as offering current and future tax benefits unique to charitable planning options.
- And because a charitable gift annuity is a contract, your annuity payments and income will be certain and not effected by market swings or unforeseen events.

Abilene Christian University Charitable Gift Rates*

Single-Life		Two-Life	
AGE	RATE	AGES	RATE
60	4.5%	60/63	4.1%
65	4.8%	68/70	4.7%
70	5.3%	73/75	5.1%
75	6.0%	75/77	5.3%
80	7.0%	78/80	5.8%
85	8.1%	80/85	6.3%
90+	9.1%	85/88	7.3%
		88/90	8.2%

*ACU abides by rates recommended by the American Council on Gift Annuities. Rates listed are effective July 2022.



Benefits of Creating a Charitable Gift Annuity at ACU

When you establish an ACU charitable gift annuity, a number of attractive tax benefits arise. These include a current charitable income tax deduction; partial bypass of capital gains tax when funded with appreciated assets; and a possible reduction in estate tax liability.

Additionally, the ACU charitable gift annuity offers attractive income-related benefits. Annuity payments often represent an increase in income to the donor, and a portion of the annuity payment may be treated as tax-free income – which adds to the effective rate of return.

As part of your charitable gift, you can help determine where the remainder of the gift annuity will go at ACU. You will be able to support the area of ACU that is most meaningful to you, whether providing for students, faculty, research, institutes, athletics or other special programs.

Example of a one-life charitable annuity

1. William Wildcat, 70, transfers assets valued at \$10,000 to Abilene Christian University in exchange for a charitable gift annuity.
2. Annual lifetime payments of 5.3 percent of the gift amount (\$530 per year) are received. For the first 15.9 years, approximately \$350 will be received free of income tax.
3. The gift results in an itemized charitable deduction of \$4,406.
4. The charitable portion of the annuity is a gift to Abilene Christian University after William Wildcat's passing.

For more information, please contact:

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