



## Charitable Gift Annuity

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The concept of the charitable gift annuity in America dates back to 1843, when a merchant in Boston first donated a gift of money to the American Bible Society in exchange for a flow of income. Today, the concept includes valuable tax benefits for donors. But perhaps more valuable than the financial advantages is the satisfaction donors gain by helping to continue the mission and good works of the Wilson Memorial Hospital Foundation.

### Gift Annuities Defined

A gift annuity is a simple, contractual agreement between a donor and the Wilson Memorial Hospital Foundation in which you transfer assets to us in exchange for our promise to pay one or two annuitants payments for life.

By donating through a gift annuity, you: (1) contract for a fixed payment for yourself or yourself and another individual, if you choose, and (2) make a gift to the Foundation. If you itemize deductions on your tax return, savings from the charitable deduction reduce the net cost of the gift.

For a period of years, based on a government table of life expectancies, a portion of each payment received is considered a nontaxable return of your investment in the gift. This further increases your after-tax dollars available for spending or investing.

An annuity funded with appreciated property results in these additional advantages: (1) the gain allocated to the gift portion completely avoids the capital gains tax, and (2) the portion of gain to be recognized can be spread over the expected term of the contract (provided that the donor is a primary annuitant and the annuity interest is assignable only to the charitable organization).

With a deferred payment gift annuity, the start of payments is delayed until a specific date, initially determined by the donor. Deferral of payments increases the initial income tax charitable deduction, tax savings and the annuity rate. However, it also reduces the nontaxable amounts to be received. This option is appealing to younger donors who wish to improve future income, such as at retirement.

For more information please contact Bonnie Faulkner, Executive Director Wilson Memorial Hospital Foundation at [bfaulkner@wilsonhospital.com](mailto:bfaulkner@wilsonhospital.com) or (937) 498-5575.

*This information is not intended as financial or legal advice. For financial or legal advice, please consult your financial advisor or attorney.*

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