

FOUNDATION CHARITABLE GIFT ANNUITIES



National Gift Annuity Foundation, Inc. (NGAF) is a charitable subsidiary of Dechomai Foundation, Inc. (DFI). DFI, one of the country's largest charities for illiquid asset receipt, management, and disposition, was founded in 2003. With decades of experience, the experts at NGAF provide charities with outsourced, custom-designed charitable gift annuity solutions for their donors. NGAF is also responsible for all CGA fund management and payments to donors. The Dechomai Foundation has over \$1.4b in unrestricted assets to be able to be used.

NGAF takes on all the risk and administrative responsibilities of a charitable gift annuity (CGA) and the Donor is able to name The Foundation/Federation, either revocable or irrevocable beneficiary as the charitable beneficiary to receive the remaining balance of the CGA after the death of the donor or other named CGA payee.

What is a Charitable Gift Annuity:

Through a charitable gift annuity with NGAF, donors can make a gift to the charity of their choice, and receive guaranteed income for themselves, and/or a beneficiary of their choice, for life. Annuities can be funded with cash or marketable securities such as stock, and mutual funds, as well as illiquid assets like real estate or closely held stock. The payments are fixed and unchangeable for the term of the contract.

The contributed property (the gift) is irrevocable, and becomes part of NGAF's assets. The annuity payments are then the general obligation of NGAF. The annuity is backed by NGAF's entire assets, not just by the property contributed. The annuity payments continue for the life/lives of the annuitant(s).

NGAF adheres to the guidelines set forth by the American Council on Gift Annuities (ACGA) including, but not limited to the investment practices, and payout rates for charitable gift annuities.

Features of a Charitable Gift Annuity with NGAF:

- The minimum amount required to establish a charitable gift annuity through NGAF is \$20,000.00.
- Minimum age for an annuitant is 55.
- There are three common types of annuity agreements:
 1. *Immediate* - immediately pays a fixed income for life to either one or two annuitants minimum age of 55 for both annuitants when payments start.
 2. *Deferred* - fixed income for life to either one or two annuitants with payments beginning on a specified future date.
 3. *Flexible-Deferred* - fixed income payments for life to either one or two annuitants. The donor specifies a range of possible starting dates for the annuity payments to begin. Each date offers progressively higher payment rates.

4. Plus, Impact Annuities - blended gift for cash Now (3-5 years) and Later from a planned gift.
5. Legacy IRA (new)

Here's an example:

Robert and his wife, Marcia, have been loyal donors to the Jewish community, averaging gifts of about \$100 a year for more than 25 years. Additionally, he has made year-end gifts of stock in the \$500 range twice over the past five years. They are both retired. They have two grown children, who are well established in their own careers; one of their children is married and has two young children. Robert and Marcia are considering a Life & Legacy gift in their wills. Robert would like to support charity in a more significant way but is hesitant to make a large cash gift. He shares concerns about "outliving their money" and he talks a bit about his investment portfolio - he and Marcia have a number of highly appreciated securities that pay them little income, but the threat of capital gains taxes makes them very hesitant to consider selling the shares. Robert and Marcia decide to establish a Charitable Gift Annuity. They transferred stock to fund their CGA and elect a fixed income payment semi-annually which is guaranteed until they pass. They are not penalized with capital gain taxes since they used the stock to open their CGA. After their lifetime, the remainder of their CGA will go to their Life & Legacy commitment.

Benefits:

A Charitable Gift Annuity is a perfect way for a charitably inclined Donor to get favorable tax treatment, to get a steady source of income for life and to also leave an after-lifetime gift to charity.

Fees:

Once the CGA is effective, NGAF charges an annual fee of 2.00% of the value of the portfolio, measured and charged quarterly. These fees include: 1.00% for administration, and 1.00% for investment management. All fees are charged to the CGA Pool not the Donor (take assets out of account).

The Foundation maintains the Donor relationship. Tools provided by NGAF.

Create a Charitable Gift Annuity with Your IRA and Boost Your Retirement Income

January 2023 ushered in not just a new year but a slew of new retirement laws. Among them was one that could transform the way you give. If you're 70½ or older, you may now use your IRA to boost your retirement income and make a difference for your favorite charities. How? By using your IRA to fund a Charitable Gift Annuity (CGA) the gift that pays you.

Thanks to the new law, you can fund a gift annuity with a one-time election of up to \$50,000 coming from your IRA tax-free! Among the ways you benefit:

- You avoid the tax hit that comes when you make a typical withdrawal from your IRA.
- If you are required to take Required Minimum Distributions (RMD) from your IRA due to your age you can satisfy all or part of that obligation for the year.
- You (and your spouse, if you choose) will receive steady income for life in the

form of reliable payments that do not vary.

- The amount of those payments is fixed, regardless of the stock market, interest rates or inflation.
- After your lifetime, the remaining balance becomes your legacy to your favorite charities.

Here's an example of a Legacy IRA:

Mary, 75, has been giving to charity by making Qualified Charitable Distributions (QCDs) from her IRA since she turned 70 1/2. She wants to increase her giving but is also concerned about her own retirement income. She can now make a one-time election to transfer up to \$50,000 directly from her IRA in exchange for a Charitable Gift Annuity with no tax penalties. She receives annual payments of \$3,300 for the rest of her life, reflecting a 6.6% payout rate, to help support her in her retirement years. At her passing Mary will be leaving the balance of the funds held in the CGA to her favorite charity as a Legacy gift without having to re-do her Will or Trust. It's a Win-Win!

Contact **Amy Bernstein Shivers** at 402-334-6466 or ashivers@jewishomaha.org to discuss how The Foundation may help your charitable giving.