A Gift that Gives Back In The Future

A deferred charitable gift annuity is a contract between you and Carnegie Mellon University that provides advantages for both. You can make a gift and you, your spouse, or another individual you designate, will receive a fixed annual income starting at least one year after you establish the gift. By funding a deferred charitable gift annuity, you will provide valuable support to Carnegie Mellon and receive a charitable income tax deduction.

The deferred charitable gift annuity is an ideal choice for younger donors or those who have not yet retired, providing a tax deduction now and tax-favored retirement income later. Such a deferred investment can supplement other tax-sheltered investment plans, such as IRAs, 401(k)s, 403(b)s, or Keogh plans. If you donate appreciated securities, instead of cash, you may be able to reduce your capital gains tax liability as well.
Summary of Financial Benefits:

- You have sufficient income now but want to supplement your income later. This is an especially popular way to increase retirement income.
- You want guaranteed future fixed payments for life.
- A portion of your payments may be nontaxable.
- You will receive a charitable income tax deduction for a portion of the gift.
- You may reduce capital gains taxes.

Sample Deferred Annuity Rates*

Assuming a gift of $50,000

<table>
<thead>
<tr>
<th>Age at Gift</th>
<th>Years Deferred</th>
<th>Payment Rate</th>
<th>Payment</th>
<th>Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>55</td>
<td>10</td>
<td>6.4%</td>
<td>$3,200</td>
<td>$18,479</td>
</tr>
<tr>
<td>57</td>
<td>8</td>
<td>6.0%</td>
<td>$3,000</td>
<td>$18,579</td>
</tr>
<tr>
<td>59</td>
<td>6</td>
<td>5.7%</td>
<td>$2,850</td>
<td>$18,167</td>
</tr>
<tr>
<td>60</td>
<td>5</td>
<td>5.5%</td>
<td>$2,750</td>
<td>$18,243</td>
</tr>
</tbody>
</table>

* Based on rates recommended by the American Council on Gift Annuities (subject to change).

**EXAMPLE:**

Beth J., age 76, contributes $10,000 cash and receives a lifetime annuity of $860, of which $452 is tax-free. While her annual payments do not begin for another 6 years, she receives an income tax charitable deduction of $6,242 in the year she makes the gift.
Benefits Include:

• Guaranteed future fixed payments for life. The annuitants you name will receive fixed annual payments for life, at least one year after you establish the gift, backed by the general resources of Carnegie Mellon University. With attractive annuity rates, your cash flow may increase from what you currently receive from your asset.

• Income tax deduction. You will receive an income tax deduction in the year of your gift to be used for immediate tax savings. This is usually 20%-40% of your gift amount.

• Favorable capital gains tax treatment. If you fund the annuity with long term appreciated securities (ones you have held for more than one year), you will incur tax on only part of the gain. If you name yourself as an annuitant, this tax will be spread out over many years. In other words, some of the capital gain is forgiven completely and the other portion is spread out over your life expectancy.

• Reduced estate costs. Your estate may enjoy reduced probate costs and estate taxes.

• Support Carnegie Mellon University. You will have the satisfaction of knowing you are providing generous support to Carnegie Mellon’s commitment to create and disseminate knowledge and art through research and creative inquiry, teaching, and learning.

NEXT STEPS:

To receive further information and assistance on deferred charitable gift annuities, or to learn more about how your gift can help Carnegie Mellon University, please contact our Office of Gift Planning.

• call (412) 268-5346
• email askjoebull@andrew.cmu.edu

* Because everyone’s situation is different, we encourage you to seek professional legal, estate planning, and financial advice before deciding on a course of action. This information does not constitute legal or financial advice and should not be relied upon as a substitute for professional advice.