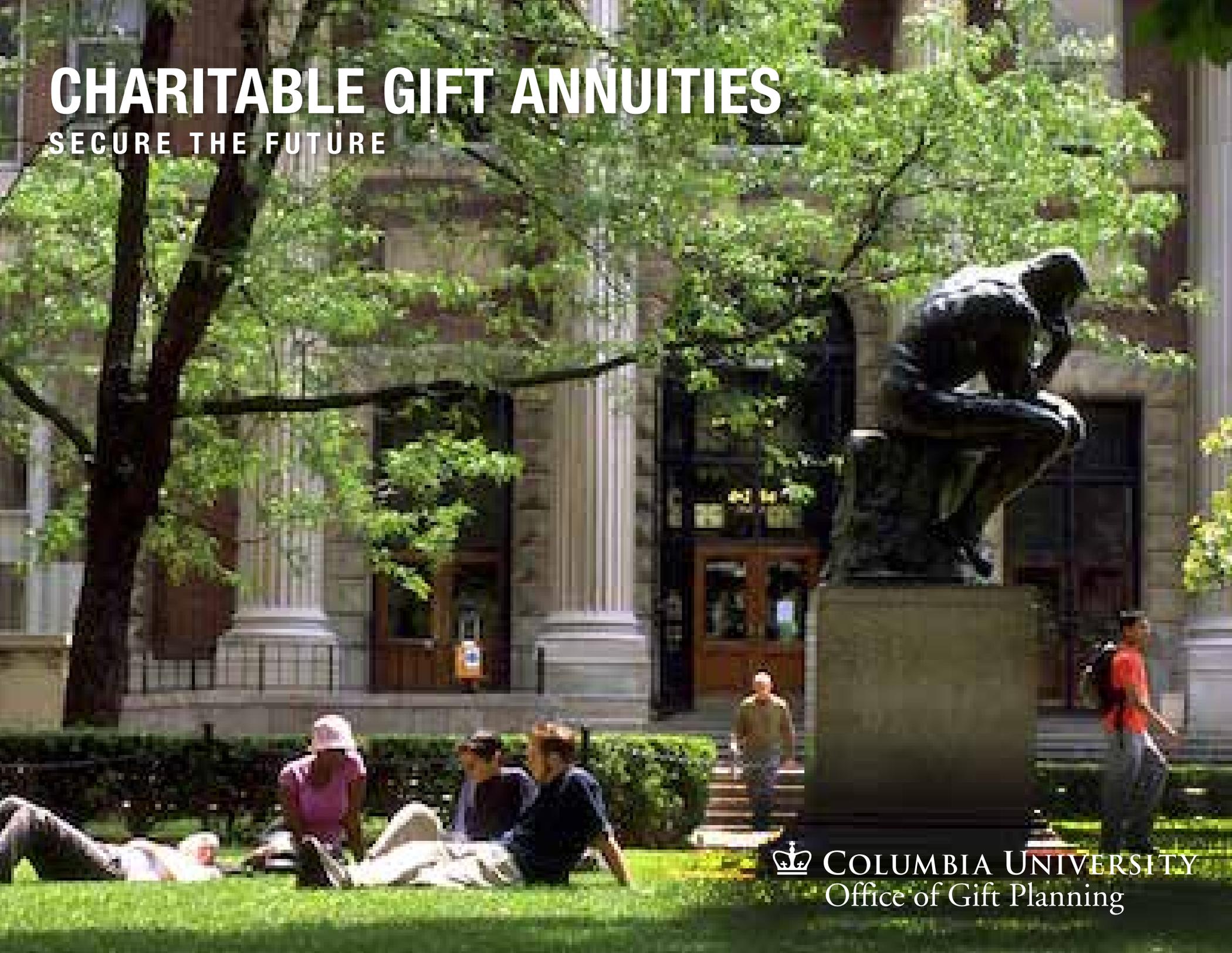


# CHARITABLE GIFT ANNUITIES

SECURE THE FUTURE

A photograph of a Columbia University campus. In the foreground, a group of people are sitting on a green lawn. In the middle ground, a large bronze statue of a person sitting on a pedestal, known as 'The Thinker', is visible. In the background, there is a large, classical-style building with columns and a tree. The scene is bright and sunny.

 COLUMBIA UNIVERSITY  
Office of Gift Planning



# CHARITABLE GIFT ANNUITIES

Charitable gift annuities (or CGAs) allow you to support Columbia while guaranteeing yourself and loved ones a fixed income for life. A CGA is a contract specifying that, in exchange for an irrevocable gift of cash or securities, the University will pay you and/or another beneficiary a fixed income for life, with potentially favorable tax treatment, after which the remaining principal of the gift comes to Columbia to provide significant support for the parts of the University that mean the most to you.

In addition to receiving an immediate tax deduction for a portion of your gift, you can also defer capital gains tax on any appreciated securities you use to fund your annuity.

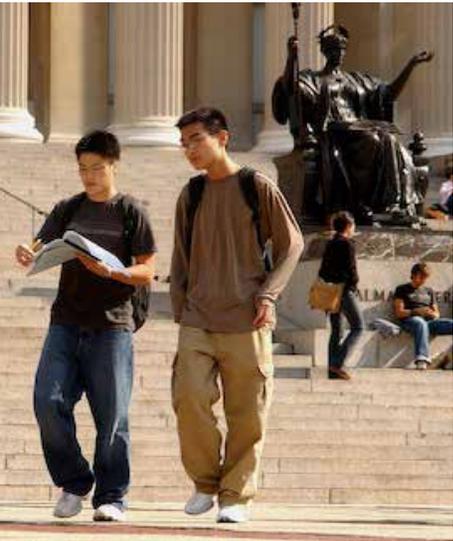
Whether you wish to support loved ones, augment your retirement planning, or simply take advantage of a giving vehicle that gives back to you, charitable gift annuities can help you secure Columbia's future as you plan for your own.



**“My years at Columbia have had a long-term impact on my life personally, intellectually, and financially. My core friendships are Columbia friendships, and the time I spend on campus as a volunteer constantly reminds me of the excellence of this institution and its students.**

**Charitable gift annuities have provided me with a financial vehicle to support the schools and programs I care about while receiving remarkable benefits myself. I feel empowered to give more than I thought possible.”**

**–Steve Buchman, '59CC '62LAW**



## PREPARE FOR YOUR FUTURE...

- Establish your CGA with a gift of at least \$25,000 in cash or securities.
- Receive an immediate charitable deduction in the year of the gift for a portion of your contribution. This portion will vary depending on when the gift is made.
- Choose beneficiaries whom you would like to support with the annuity's income stream. This can be you, you and a spouse (as joint or successive beneficiaries), or another loved one.
- Choose when you would like income payments to begin—immediately or at an agreed-upon future date.
- On the date specified in the annuity contract, quarterly income payments will be deposited directly into your or your chosen beneficiary's bank account. Payments will be in a fixed amount determined by the annuity rate specified in the contract.
- These guaranteed payments, backed by the full faith and credit of the University, will continue for the lifetime of the beneficiaries.

## ...THEN PROVIDE FOR THE UNIVERSITY

When you establish your CGA, you can direct Columbia to use the remainder to support any part of the University's mission. For example, you can

- endow your annual giving in perpetuity;
- memorialize loved ones by establishing or augmenting a named scholarship;
- contribute to funds supporting groundbreaking clinical research;
- support ongoing acquisition and preservation efforts of University Libraries; and
- much more.

## DETERMINING YOUR ANNUITY RATE

Your annuity rate, which determines the fixed amount of the annual income from your gift annuity, is determined by the age(s) of your chosen beneficiary/ies.

Your annuity rate increases with the age of your beneficiaries and decreases with the number of beneficiaries chosen (maximum of two). It can also increase if you defer payments for a period of years.

Given that the actual cost of establishing a gift annuity is lessened by your charitable deduction, and that a portion of income payments may be tax-free, the effective rate of a charitable gift annuity may compare quite favorably with those of commercial annuities.

We can provide you with individually tailored gift illustrations that take into account when you would like to make your gift and whom you would like to benefit.

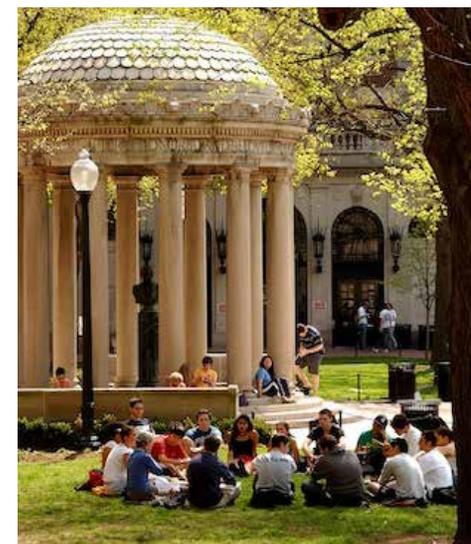
## TAXATION OF ANNUITY PAYMENTS

Annuity payments are treated as a combination of ordinary, capital gain (if applicable), and tax-free income. The exact breakdown depends on your age and how you choose to fund your gift annuity.

If you use cash, a large portion of your income stream may be subject to no income tax at all for a fixed number of years, based upon your age. The balance will be taxed at ordinary income rates.

If you use appreciated securities, part of the payments will be taxed at capital gains rates. This allows you to spread your capital gains tax liability over your life expectancy while converting a highly appreciated, low-yielding asset into an attractive fixed-income stream. This may vary slightly depending on your choice of beneficiary.

Each year, you or your chosen beneficiary will receive a Form 1099 that contains instructions on how to report this annual income on tax returns.





## DEFERRING YOUR CGA

If you are age 65 or younger, you should consider a deferred charitable gift annuity. By making your gift now and deferring your payments for a number of years, you can potentially increase your annuity rate significantly. You may also be able to increase the charitable deduction you can take in the year of the gift.

Many donors also find deferred gift annuities useful for retirement planning. By making a gift now, in income-earning years, and choosing to begin payments closer to your projected retirement date, you can add a guaranteed income stream to your existing retirement plans such as IRAs or 401(k)s.

We would be happy to provide you with benefits comparisons for immediate gift annuities versus gift annuities with differing deferment periods. The longer you defer payments, the more you can increase your annuity rate.



## CGAS VS CRUTS

If you are considering a gift annuity of \$100,000 or more, you may also wish to explore establishing a charitable remainder unitrust (CRUT) at Columbia.

While a CGA provides a guaranteed fixed income for life, a CRUT offers a variable income stream that increases or decreases with the performance of trust investments. Columbia has the option of investing CRUTs of which it is the ultimate beneficiary alongside its robust endowment, which has been one of the best-performing university endowments over the past decade. While performance is not guaranteed, many donors find that CRUTs help their income payments keep pace with inflation and ultimately provide greater support for the University.

If your priority is a guaranteed, secure income stream, a charitable gift annuity might make the most sense for you. We would be glad to provide you with comparative information about charitable remainder unitrusts if you are interested in exploring other gift planning vehicles as you shape your future plans.



Columbia's Office of Gift Planning serves the entire University, and our staff would be happy to answer questions from you or your advisers about charitable gift annuities and other planned gifts. While we always recommend consulting your financial advisers, we have the expertise to discuss many different charitable vehicles that can help you support Columbia in the way that best suits your financial needs.

Please contact us for more information:

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**Website** [columbia.planyourlegacy.org](http://columbia.planyourlegacy.org)



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