

# YALE CHARITABLE GIFT ANNUITIES OFFER SIGNIFICANT BENEFITS

Simple, stable, and secure, a Yale gift annuity offers you the peace of mind of guaranteed payments for life and the opportunity to make an impact on Yale's future. Here's how it works: a charitable gift annuity is a simple contract between you and Yale. In exchange for your gift to the university, Yale promises to make fixed payments for life to you or to one or two individuals you select. The amount paid is based, in part, on the age of the beneficiaries when payments begin. When the annuity ends, the remainder is directed for a purpose at Yale which you may choose.

Other benefits of a Yale charitable gift annuity include a charitable income tax deduction, partially tax-free payments, reduced capital gains tax when a gift annuity is funded with appreciated property, and, most importantly, the satisfaction that comes from securing your own future and at the same time, strengthening Yale.

As shown at right, gift annuity rates can be especially appealing in today's economic climate. The payout rate on most gift annuities exceeds the yield on CDs, treasury notes and bills, and money market funds. In many cases, you can immediately increase your cash flow by establishing a gift annuity.

**Consider this example:** Bob, age 80, purchased stock many years ago which is currently worth \$120,000. The stock is paying very little in dividends, and although he would like to sell it and invest in something with higher returns, he is reluctant, as he would have to pay capital gains tax on the \$100,000 difference between his cost basis and the present value.

Bob decides to give his stock to Yale in exchange for a 7% charitable gift annuity which pays him \$8,400 each year for the rest of his life. Of his \$8,400 annual payment, about \$1,478 is taxed as ordinary income, \$5,768 is taxed at the more favorable capital gains tax rate, and \$1,154 is tax-free for many years. Bob can also claim a charitable contribution deduction of \$54,913 this year.

Bob receives more annual income than he would have received if he had held on to his stock. He saves on income taxes as a result of his charitable deduction and the favorably taxed payments he receives. Most importantly, his gift annuity not only provides Bob with income and tax benefits, but also the satisfaction that comes from supporting Yale's educational programs.

## Rate Information for Yale Charitable Gift Annuities

### IMMEDIATE GIFT ANNUITY

Age	70	75	80	85	90
Rate	4.5%	5.5%	7%	9.5%	13%

### DEFERRED GIFT ANNUITY

(for payments beginning in 5–15 years)

Age	Deferred 5 years	Deferred 10 years	Deferred 15 years
55	3.5%	4.5%	7%
60	4%	6%	9.5%
65	5.5%	8.5%	14%
70	7%	12.5%	15%

Minimum gift annuity is \$10,000. These rates are for illustration purposes and may vary depending on the timing of your gift. Annuity rates for two individuals are also available.

## Yale's First Gift Annuity



Yale's first charitable gift annuity dates back to 1831 when John Trumbull, who painted the famous *Declaration of Independence, July 4, 1776* (above), gave nearly 100 paintings to the university. The gift annuity funded the Trumbull Gallery, the original Yale University Art Gallery. The Trumbull Gallery, designed by its namesake, was the first museum on any campus in the United States. The gallery was located on what is now Yale's Old Campus and housed fifty-five of his artistic works.

Whether you want payments to begin immediately, or would like to defer receipt of payments for a period of time, a Yale gift annuity can help you achieve your goals.

A deferred payment gift annuity allows you to postpone payments until a time when you are in a lower tax bracket or may need supplemental retirement income. The longer the deferral period, the higher the payout you can expect to receive.

There are no management fees or investment concerns associated with a Yale gift annuity. Your payments are backed by the total assets of the university and are unaffected by investment performance.

Today, Yale administers nearly 1,000 gift annuities. Although the income and tax benefits are clearly attractive, most donors say that the primary reason for establishing a gift annuity is the opportunity to strengthen the university and leave a meaningful legacy. Whether you direct your gift to financial aid, outstanding teaching, the arts, scientific research, or any other area of the university, a charitable gift annuity allows you to make a positive and lasting impact on Yale's future.

**Consider this example:** Jacqueline, age 55, hopes to mark her 35th Yale College reunion with a special gift. She is in a 33% income tax bracket and would welcome an additional deduction this year, but is not certain she can afford an outright gift. She hopes to retire in about fifteen years, and is interested in adding a fixed income component to supplement her retirement portfolio.

Jacqueline establishes a deferred payment gift annuity with a cash gift of \$50,000. She locks in a rate of 7%, or \$3,500 annually, for her lifetime. Her payments will begin when she reaches age 70. Of the \$3,500 she will receive, \$1,845 will be tax-free for many years. Her charitable deduction of \$20,682 will save her \$6,825 in federal income taxes this year.

You may be interested in a Yale gift annuity if:

- You desire the security of predictable payments or wish to provide a steady stream of income to a spouse, parent, or other loved one.
- You want to supplement your retirement income, could benefit from a tax deduction now, but don't need payments until later.
- You are relying on income from bonds or CDs and would like to receive higher payments.
- You would like the satisfaction of making a gift which benefits you or a family member or friend now and Yale later.

---

*“A charitable gift annuity—fixed payments each year for life, a portion of the payments tax-free, and an immediate income tax charitable deduction—is particularly appealing to me in times like these, when the stock market is so volatile and interest rates so low.”*

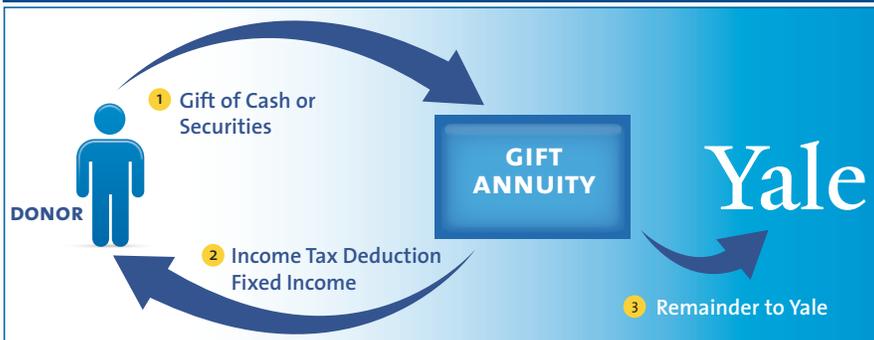
---

#### Did you know?

If you are unsure when you would like your gift annuity payments to begin, you may select a window of possible start dates and decide at a later time.

---

#### Yale Gift Annuities: How they work



TO LEARN MORE, PLEASE CONTACT:

Yale University Office of Planned Giving  
PO Box 2038  
New Haven, CT 06521-2038  
800.445.6086 203.432.7025  
development.plannedgiving@yale.edu  
www.yale.planyourlegacy.org