



## Create a Sponsored Charitable Gift Annuity to Benefit Your Favorite Charity

A sponsored charitable gift annuity (CGA) allows you to leverage your generosity while producing tax savings and a fixed annuity that can provide great benefits to you, your family and the community.

A CGA is a contract in which a donor makes a gift today in return for a fixed lifetime annuity from the Hawai'i Community Foundation (HCF). The donor receives a tax deduction on the net value of the gift. The annuity is payable to the donor or someone they designate, called the "annuitant." Up to two annuitants can be named. Through the contract, the donor directs the remaining balance (called the "residuum") left at the death of the annuitant(s) to benefit a charity or charities.

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### How does it work?



#### 1 SET UP YOUR FUND

Fill out a CGA application. We will work with your charitable beneficiary and your professional advisor to determine the best way to design your CGA based on your personal situation and charitable interests.

#### 2 RECEIVE ANNUITY PAYMENTS



Once you enter into a CGA, it will provide a lifetime fixed annuity payout for up to two annuitants.

#### 3 LEAVE A LEGACY



At the end of the CGA term (e.g., the death of the annuitant(s)), the residuum can be used to support your favorite charities in one of two ways. You decide.

**OPTION 1 - ENDOWMENT:** Places 90% of the residuum into a fund at HCF to perpetually support your charity and 10% will go to HCF to supplement its CGA reserves.

**OPTION 2 - OUTRIGHT:** Distributes 50% of the residuum outright to your charity to support its mission, 10% goes to HCF to supplement its CGA reserves, and the remaining 40% goes to HCF's discretionary fund to be used for unrestricted purposes.

# Create a Sponsored Charitable Gift Annuity *Continued*

## When should I consider a CGA?

Consider a CGA if some of these apply to you:

- You are age 60 or older.
- You wish to provide a legacy gift to a charity.
- You want the security of a fixed payout arrangement that runs for life.
- You have assets of \$50,000 or greater that you are able to gift to establish a CGA, such as cash, funds earning low interest rates, or appreciated securities.
- You seek a charitable tax deduction.

## What are the benefits of a CGA?

- + CGAs are easy to create — the agreement is a simple contract between you and HCF.
- + The annuitant receives fixed annuity payments for life.
- + Part of the annuity payments may be tax-free.
- + An immediate charitable tax deduction for a portion of the gift.
- + No capital gains tax is owed on appreciated property used to start a CGA.
- + The gift ultimately benefits charitable organizations or causes.



**JANE KEALOHA GIVES \$200,000 AND RECEIVES ANNUITY PAYOUTS.**

Jane Kealoha, age 72, designates herself as the annuitant. Jane makes a cash gift of \$200,000 to HCF in exchange for a sponsored CGA. She will receive fixed annual payments of \$10,800 from HCF for the rest of her life. Ms. Kealoha is entitled to an immediate charitable deduction of approximately \$83,000.



**JANE SAVES UP TO \$29,050 IN FEDERAL TAXES.**

Assuming she is in the 35% federal income tax bracket, Ms. Kealoha could save as much as \$29,050 in federal income taxes. Of the \$10,800 she receives each year, \$2,733 is taxed as ordinary income and \$8,067 is tax-free for the first 14 years.



**JANE MAKES A DIFFERENCE LONG AFTER SHE IS GONE.**

Ms. Kealoha has requested that at the end of her life, 90% of the remaining balance of her CGA fund (projected to be 50% of the original contribution) will be placed in a fund to perpetually support her favorite charity and the other 10% will go to HCF to supplement its CGA reserves (Option 1).

Donors can be assured that their gift is backed by the financial strength of one of the largest and oldest community foundations in the nation.



**HAWAII COMMUNITY FOUNDATION**

*Amplify the Power of Giving*

For more information about creating a sponsored CGA at the Hawaii Community Foundation, contact Curtis Saiki, Vice President of Philanthropy, at 808-566-5572 or [csaiki@hcf-hawaii.org](mailto:csaiki@hcf-hawaii.org).

[HawaiiCommunityFoundation.org](http://HawaiiCommunityFoundation.org)