Deferred Annuity

Deferred annuities allow donors to postpone their annuity payments. Why would they want to? Because deferring the payments will increase their charitable income tax deduction, help them avoid additional income in their earning years, and provide for their future with a higher annuity payment:

> **A donor, age 60, has just sold a successful business and needs an offsetting income tax deduction. He also wants to supplement his retirement income. He takes out a deferred charitable gift annuity contract with a cash contribution of $100,000. The annuity contract stipulates his payments will begin when he turns 70. He immediately receives a $46,456 charitable income tax deduction which helps offset the gain triggered by the sale of his business. At age 70, he will begin to receive a 12.4% annuity, $12,400 paid him annually for life. If had had chosen *not* to defer his payment his charitable deduction would have been $25,651 and his annuity would have been $6,400. This is an example only. Annuity rates change with economic circumstances.**