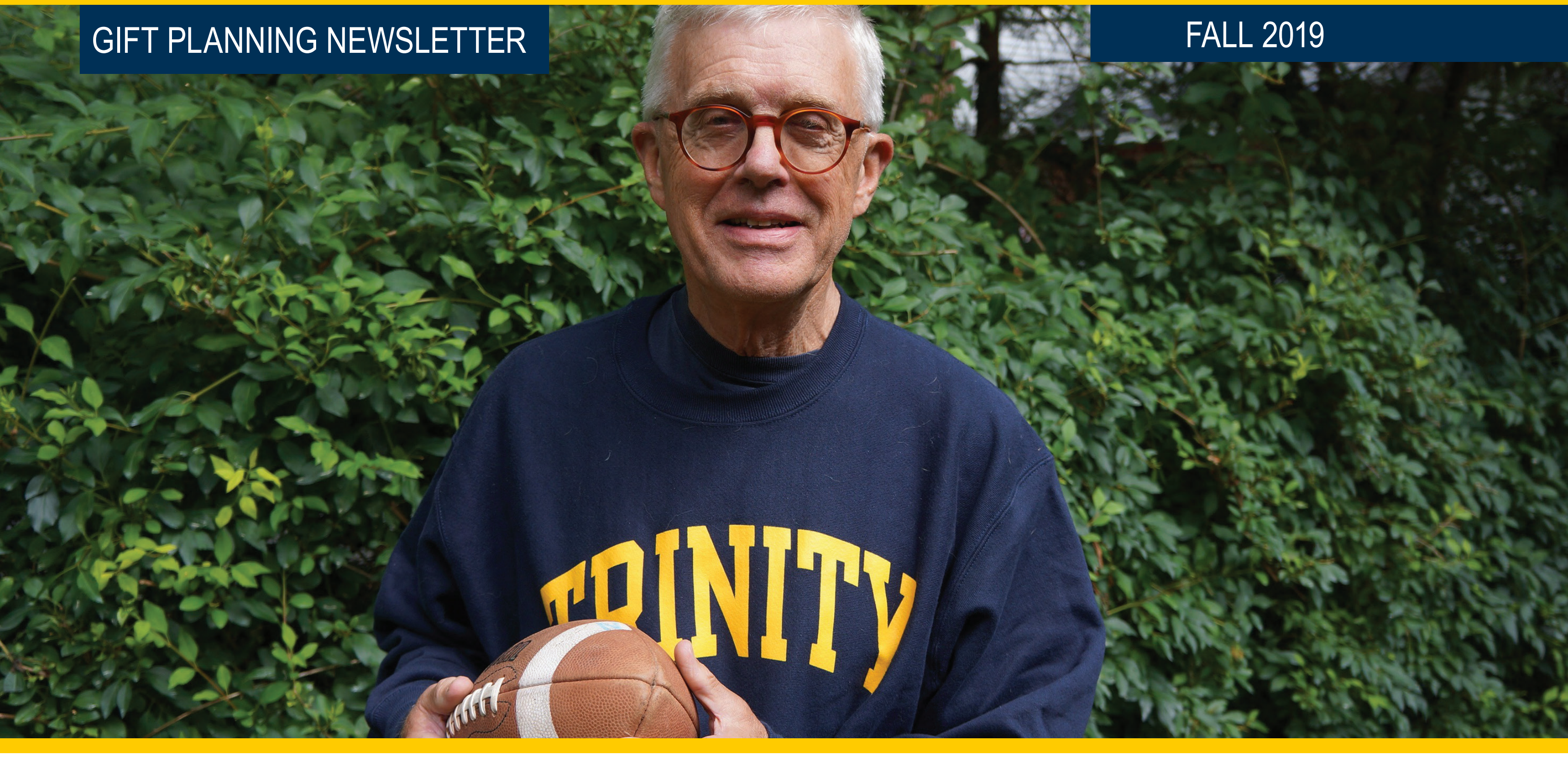
Focus on Philanthropy

Trinity College
HARTFORD CONNECTICUT

GIFT PLANNING NEWSLETTER

FALL 2019



John Rice '69

In honor of his 50th Reunion, John Rice '69 knew he wanted to make a gift that celebrated the success of Trinity Football and the leadership of Coach Jeff Devanney '93. To make his impact, Rice set-up a charitable gift annuity by transferring highly appreciated securities, to be designated to the football endowment. In return, he received an immediate tax deduction and will enjoy quarterly fixed payments from the annuity for the rest of his life.

As a student, Rice was a play-by-play announcer during Trinity College football games, which fostered an enduring passion for Bantam Athletics. He remains a loyal fan of Trinity Football, and travels to campus from New Hampshire for at least one game a year—and often catches the rest on his phone as a spectator during UNH Wildcats games.

Trinity just announced the launch of its Athletics Campaign, which includes an effort to build endowment funding for all varsity sports. Rice is proud to be a part of this initiative. "I feel great about making an investment into such a remarkable program," he said. "You can tell how dedicated the coach is to the team and the game. This gift is to ensure the Bantams stay on top."

A charitable gift annuity (CGA) is a simple contract that provides advantages for the donors and for Trinity. CGAs may be funded with cash or securities. Payments may be made to one or two annuitants for their lifetime(s). The donors receive a fixed payment each year for life. The payment rate is based on the age of the annuitant(s) at the time the gift is made. Trinity invests the principal and, when the CGA matures, the remaining proceeds provide valuable support to Trinity.

For Rice, his gift will keep him connected to those fall Saturdays he spent announcing winning plays on the football field. With this being his first major gift to Trinity, he said it "has shown how proud I am to support Trinity Football, and I hope others follow with their own support."

Including Deferred Gift Annuities in Your Retirement Planning

Planning is the process of deciding on and arranging for something in advance. But a particular difficulty in planning for retirement is knowing definitively what you're planning for: How much will you need? When will you need it? What if you have unexpected expenses? What if you work longer than expected and/or don't need additional income when originally anticipated?

Given these unknowns, many financial planners advise clients to diversify their portfolios. A deferred charitable gift annuity provides some interesting options, and allows donors to align their charitable initiatives with their retirement planning.

As explained on page 1, a charitable gift annuity (CGA) is a contract between an individual or couple and Trinity College. In exchange for the contribution, Trinity College promises to make fixed payments for life to one or two annuitants -- usually, though not necessarily, the donor(s). The amount paid by Trinity to the annuitant(s) is based on the age of the annuitant(s) at the time the donation is made. Trinity College invests and manages the contribution. At the end of the annuitants' lives, Trinity College uses the remainder for its charitable purposes.

While with an immediate CGA, the payments to the annuitants begin shortly after the contribution is made, a deferred CGA delays the start of payments for at least one year. The longer the delay, the higher the annuity rate.

For example, an individual who makes a gift to Trinity in exchange for an immediate annuity at age 60 would receive an annuity rate of 4.7% for the rest of his or her life. If that individual makes the contribution at age 60, but defers receipt of payments for one year, the annuity rate would be 4.8%. If payments are deferred for five years, the annuity rate would be even higher -- 6.1%.

With a deferred gift annuity, payments are set to begin at a fixed future date. When that date arrives, the payments – based on the higher annuity rate – start and continue for the remainder of the annuitant's life. This can be a helpful retirement planning tool, since the income tax charitable deduction is generated in the year the gift is made, when the donor's income is higher, but the payments begin after retirement, when additional income is needed.

But what if you aren't sure when you plan to retire? A variation on a deferred gift annuity provides flexibility in addressing some of the unknowns of retirement planning. Rather than deciding on the start date at the time the gift is made, the donor set a range of potential start dates for annuity payments. The rate does not become fixed until the donor decides to begin receiving payments. The longer the payments are delayed, the higher the rate will be. This flexibility allows the donor to make decisions about receiving income from the annuity in real time, when his/her retirement plans are more certain.

To learn more, visit: **legacy.trincoll.edu/dcga**

**Please note that this information is for illustrative purposes and is not intended as tax or legal advice. Rates are subject to change and are based on rates suggested by the American Council on Gift Annuities.*

This Year, Consider a Gift to Education

For many people, the end of the year is a time for making gifts–not only to family and friends but also to valued organizations such as Trinity College. December is also your last chance to obtain charitable deductions you can claim next April.

As you plan your year-end giving, keep in mind that contributing cash is just one way to support Trinity College. Also consider the following tax-smart techniques:

Give appreciated securities

Recent years have generally been good ones for stocks in particular. Although many people have seen their investments grow significantly, selling appreciated shares triggers taxation that can exceed 20 percent of the capital gain. Instead, consider transferring them directly to Trinity College. You avoid tax on the gain and receive a tax deduction for the full value of the stock. Thus, the value of your gift to us may far exceed its net cost to you.

Help Trinity College–and yourself

You may hesitate to give an asset you depend on for income. Through a "life income gift" such as a charitable remainder trust or a charitable gift annuity, you can donate the asset and still receive payments, perhaps even increasing your cash flow. In return, you'll obtain a current tax deduction. In addition, if you give appreciated property, you'll reduce or delay capital gains taxation. When the arrangement terminates, the remainder benefits Trinity College.

Consider a "Charitable Rollover" gift from your IRA

If you are over age 70½ and have a traditional IRA, you can authorize the administrator to make a direct transfer of funds to Trinity College. While you will not receive a tax deduction, any amount transferred (up to a total of $100,000) will not be added to your taxable income, as it would if you made a withdrawal. The gift amount counts against your required minimum distribution, to the extent you have not already taken it for this year.

Start planning now

As always, your own advisors are in the best position to help you determine what would be most appropriate, whether now or in the new year. Remember, too: Trinity College is available to work with you and your advisors at no cost whenever there may be a need to explore options or gather additional information.