

# Focus on Philanthropy



Trinity College  
HARTFORD CONNECTICUT

GIFT PLANNING NEWSLETTER

SPRING 2019

## Jean and Tom Tonoli '69



Fifty years after graduating from Trinity, Tom Tonoli '69 and his wife Jean are enjoying retirement in Fort Collins, Colorado, a place they have called home for several decades. "The good standards and thoughtful perspectives of Trinity professors helped shape attitudes and abilities that served me well in my public education career," Tom fondly recalls. "Habits of study and preparation, necessary at Trinity, were part of the value I received. The small student body and small class sizes created year-after-year

connections and friendships that have lasted over a half-century."

For his 50th Reunion, Tom and Jean made a gift to the College in exchange for a charitable gift annuity. The annuity will provide them with an income stream for the rest of their lives as well as a current income tax charitable deduction. Ultimately, the remainder of the annuity amount will be used to augment the Class of 1969 Scholarship fund.

A charitable gift annuity (CGA) is a simple contract that provides advantages for the donors and for Trinity. By funding a CGA, donors such as Tom and Jean receive guaranteed payments for life, as well as an income tax charitable deduction. The payout rate on a charitable gift annuity is a fixed rate based on the age

of the annuitant(s) at the time the gift is made. Trinity invests the annuity amount and, when the CGA matures, the remaining proceeds provide valuable support to Trinity. Charitable gift annuities may be funded with cash or securities. Payments may be made to one or two annuitants for their lifetime(s).

"I wouldn't have been able to attend Trinity without scholarship assistance from the College. Generous donors changed my life for the better by creating my Trinity opportunity, and now it is my turn to support future students. The Class of 1969 Scholarship Fund will help the College attract and retain highly qualified students from all economic backgrounds. A charitable gift annuity enables us to make a more substantial contribution to the Class of 1969 Scholarship Fund. We encourage others to do the same."





## Charitable Giving—It's More Than Just a Tax Deduction

The new tax law, effective January 2018, prompted a lot of conversation about deductions and tax brackets. Lost in the discussion has been the wide variety of other benefits that lead donors to make a charitable gift in a particular way.

Take a charitable gift annuity, an arrangement whereby in exchange for a contribution Trinity College agrees to make fixed payments for life to one or two annuitants—most commonly the donor(s), though it doesn't have to be. The amount paid is based on the age of the person(s) receiving the payments.

When contributing for a gift annuity you receive an immediate income tax charitable deduction. If you will be itemizing your deductions on your tax filings, you will realize tax savings from your charitable deduction.

But many donors find the other benefits of a gift annuity to be of equal or greater value. What are those?

### ■ **Increased cash flow**

Common assets used to fund a gift annuity are from savings, CDs, or long term appreciated stock. What quality do they share? They are usually not generating much in interest or dividends. While in making the contribution, you are giving away the asset, the cash flow from that asset likely will increase significantly.

### ■ **Tax-free payments**

When cash is contributed, the payments received from a gift annuity will be part tax-free and part ordinary income. The tax-free portion lasts for a period of years, determined by your life expectancy at the time the gift is made.

### ■ **Capital gains tax avoidance/deferral**

When long term appreciated stock is contributed, some of the capital gain—the portion attributable to the charitable gift being made—is avoided. An added benefit, if the donor is the annuitant, is that the capital gain included as part of the payment stream is taxed over the donor's life expectancy, rather than upfront in the year in which the stock is contributed.

### **Deferred gift annuity**

A deferred gift annuity provides fixed payments to you or others you name for life in exchange for your gift of cash or securities. The payments start on a date you choose that is at least one year after you make the gift. The longer you defer the beginning of payments, the higher your payout rate will be. If you are planning now for retirement the new—and higher—annuity rates may make the deferred gift annuity the answer to your charitable and financial planning goals.

We'd also be glad to talk with you about gift options that can provide other benefits that might fit with your needs, allowing you to best align your charitable, financial, and estate planning goals.

# Charitable Gift Annuities: Income for You, Support for Trinity College

Would you like to support Trinity College but are hesitant to do so because of the current market uncertainties?

Perhaps you are concerned about being able to meet your future needs. Other donors who feel the same way have chosen to support Trinity through a charitable gift annuity.

A charitable gift annuity is a contract between you and Trinity that provides advantages for both. By funding a charitable gift annuity, you will receive fixed payments for your lifetime, as well as a charitable income tax deduction, and will ultimately be providing valuable support to Trinity.



Charitable gift annuities may be funded with cash or securities. The payout rate on a charitable gift annuity is a fixed rate based on the age of the annuitant(s) at the time the gift is made. Payments may be made to one or two annuitants for their lifetime(s).

## Charitable gift annuity benefits include:

- Guaranteed fixed payments for life.
- A portion of your payments may be tax-free.
- A charitable income tax deduction.
- Reduced capital gains taxes with gifts of appreciated stock.

### Sample Annuity Rates for Gift Amount of \$10,000

Age	Payment Rate	Annuity	Deduction
65	5.1%	\$510	\$3,447
70	5.6%	\$560	\$3,922
75	6.2%	\$620	\$4,505
80	7.3%	\$730	\$4,882

*\*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.*

To calculate your personalized rates, visit [legacy.trincoll.edu/CGA](http://legacy.trincoll.edu/CGA).

## Propel Trinity Into Its Third Century

Please complete our estate planning survey online at:

[www.surveymonkey.com/r/TRINITY-PG](http://www.surveymonkey.com/r/TRINITY-PG)

