



Trusts, Estates,
and Gift Planning

VESTED INTEREST

Gift Planning newsletter from Cornell University



Fall 2022

giftplanning.giving.cornell.edu

Giving and Receiving - The Charitable Gift Annuity

HOW IT WORKS

Make a gift and get a fixed income in return: a concept that seems almost too good to be true. A gift annuity, the simplest life-income agreement, is a contract between Cornell and a donor, established with a gift of \$10,000 or more. In exchange for this generous gift, Cornell provides the assurance of steady, fixed-income for life. Donors often use Charitable Gift Annuity payments to support themselves, spouses, or other loved ones. In the case of an **immediate gift annuity**, payments will begin right away at the first calendar period following the contribution. In the case of a **deferred gift annuity**, you might delay receiving payments until a later time in life when you or others might need the supplemental income more. Together, we can review a personalized illustration and pick the right life-income plan for you.

LOCK IN ATTRACTIVE YIELDS NOW

As of July 1, 2022, higher payout rates have gone into effect. Cornell typically offers the suggested maximum annuity rates as published by the American Council on Gift Annuities (ACGA). In exchange for your contribution to Cornell, we guarantee to make annual payments for life based on your age and the amount of your contribution. For most gift annuities, the new rates are 0.4% - 0.6% higher than the rates they replace. If you're looking for a proven way to generate a generous amount of predictable income and would like to make a meaningful gift to Cornell, a Charitable Gift Annuity may be just the solution for you.



TAKING THE GUESSWORK OUT OF TAXES

Gift annuities combine the attributes of both a charitable gift and the benefits of a fixed-annuity payment. In exchange for your contribution, Cornell guarantees to make annual payments for life, to you or the one or two persons you designate. The amount of the payments and the deduction you generate depend on the number and age(s) of the beneficiary(ies). Note that a substantial portion of each payment is treated as a **tax-free return** of the principal contributed for the annuity during the balance of the annuitant's life expectancy. Similarly, a part of your annuity income will be taxable at the federal and possibly the state level, as well.

Tax rules can be complex and we always suggest that you consider reviewing the specifics of your situation with an advisor. Our goal is to work alongside the trusted advisors you already have in place. Review the sample chart and contact us for more information. To receive your complimentary illustration, **simply return the enclosed reply card.**



GIFT ANNUITY RATES

Cornell will typically use the following rates for **immediate** annuities with a single lifetime income beneficiary. This chart illustrates how, should you wish to **defer** payments, there will be a higher return. Please contact us for individualized information on single and two annuitant rates.

ONE LIFE

Age	Rate	Deferred 5 Year	Deferred 10 Year
55	4.1%	5.3%	6.7%
60	4.5%	5.7%	7.4%
65	4.8%	6.3%	8.4%
70	5.3%	7.1%	9.8%
75	6.0%	8.3%	11.4%
80	7.0%	9.6%	*12.8%
85	8.1%	*10.7%	
90	9.1%		

* Highest attainable rate within column parameter

ASSET CHOICE AND GIFT MECHANICS

Typically, cash or appreciated securities such as stocks are contributed to initiate the contract. Together, we can explore the potential tax advantages of each type of contribution. When the charitable gift annuity ends, the remainder will support the area(s) of your choosing at Cornell. **Giving back to an area you love means you make a difference for students in the future, while helping to advance university goals now.** Your gift can support any area of the university that is meaningful to you, like faculty research, student scholarship, and student programming.

What are the benefits?

- Establish your gift and name your beneficiaries.
- Support Cornell and receive fixed payments for life.
- Qualify for a variety of tax benefits, including a federal income tax charitable deduction.
- Reduce capital gain tax by funding a CGA with appreciated stock.
- Receive a portion of the income tax-free.
- Designate yourself and/or your spouse or another person to receive income.
- Enjoy an attractive supplement to any retirement plan.

TIMING IS EVERYTHING

Certain gifts, when made by year-end, can help you *and* Cornell. We are here to discuss your personal concerns and create the kind of plan that fits your goals and objectives. Fill out the enclosed form today and we will promptly be in touch.

Honoring those who have
established a planned gift
for Cornell University.



Many of you are already members of the Cayuga Society, demonstrating your Cornell loyalty and support through a planned gift, and we and the university thank you. **Please consider becoming a member today and provide additional details in our enclosed mailer.**

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Strategic financial planning for your Cornell philanthropy

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