



Deferred Gift Annuities: Plan Now, Benefit Later

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When most people consider charitable giving, they aren't thinking of their own benefit. But there are gifts that can help you and Habitat for Humanity Seattle-King County. Deferred charitable gift annuities (DCGA) are an excellent way to help Habitat for Humanity Seattle-King County continue to do our work and can ensure a more secure financial future as you prepare for retirement.

How It Works

You make a contribution of cash or appreciated property owned longer than one year to Habitat for Humanity Seattle-King County. We agree to make fixed payments to you for the rest of your life starting at any date you select—beginning at least one year from the date of the gift.

The payment rate is based on a combination of the recipient's age when payments begin and the length of time between the creation of the annuity to the first payment. The older the annuitant (recipient of the DCGA payments) when payments begin and the longer the deferral, the higher the rate of the annual payments.

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An Example

Casey, 60, gives Habitat for Humanity Seattle-King County \$40,000 in appreciated stock owned longer than one year in exchange for a deferred gift annuity that will begin making payments 5 years from now. The cost basis in the stock is \$10,000. Using the suggested rates, Casey's deferred annuity will pay at an annual rate of 4.8%, or \$1,920. Casey's federal income tax charitable deduction will be approximately \$13,488.* If Casey is in the 32% income tax bracket, this charitable deduction will result in a tax savings of \$4,316.

In the chart you will see rates recommended by the American Council on Gift Annuities, which most organizations follow. Check with our representative for current rates and applicable ages for deferred charitable gift annuity eligibility according to our most current policies.

*Based on a 1.2% charitable midterm federal rate. Deductions and calculations will vary depending on your personal circumstances.

Sample Deferred Gift Annuity Rates for One Person

Age	Deferred Until Age	Rate
55	65	5.5%
60	65	4.8%
60	70	6.2%
65	70	5.4%
65	75	7.1%

3 Tax Benefits

1

If you itemize your tax returns, you can receive a federal income tax charitable deduction. The deduction is equal to the difference between the fair market value of the property or the amount of cash given to Habitat for Humanity Seattle-King County and the value of your deferred charitable gift annuity payments.

2

If you fund the DCGA with appreciated property that you have owned longer than one year, you are not responsible for the capital gains tax at the time of your gift. Instead, a portion of your payments will be taxed as capital gain (provided that you are the primary recipient and the annuity interest is assignable only to Habitat for Humanity Seattle-King County).

3

Part of each gift annuity payment is tax-free. The tax-free portion of the payment is considered a “return of principal” and continues through the recipient’s estimated life expectancy.

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Next Steps

We want to work with you to create a gift that best fits your circumstances and our needs. To learn more about the specific financial benefits you can enjoy by creating a deferred charitable gift annuity with Habitat for Humanity Seattle-King County, please contact us.

Habitat for Humanity Seattle-King County

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