

## Charitable Gift Annuities Payments for Life



Berkeley Repertory Theatre and Silicon Valley Community Foundation (SVCF) are excited to offer Berkeley Rep's donors a new way to receive dependable income for life while supporting a cause they care about. Charitable gift annuities are simple to set up and provide you or your loved ones with income for their lifetimes. Afterward, your gift can benefit the community.

A gift annuity is a simple contract between you and SVCF. In exchange for your contribution of \$25,000 or more, SVCF agrees to make fixed payments for life to one or two beneficiaries. The amount paid is based on the age of the beneficiary or beneficiaries. There is an initial startup fee of \$200 per contract to cover the administration expenses associated with the program. Berkeley Rep would receive 100% of the residuum of your Charitable Gift Annuity, as follows: 60% distributed outright, and 40% put into a Trust managed by SVCF for Berkeley Rep's benefit.

### Why are gift annuities so appealing?

- Your payments are fixed and are not affected by market turbulence
- Your payments are secure, backed by all of SVCF's unencumbered assets
- You may qualify for a tax-deductible donation
- There may be a potential to increase your cash flow, especially if the annuity is funded with low-yielding assets
- A portion of the payments you receive may be tax-free
- Donors might receive a capital gains tax advantage if the annuity is funded with long-term appreciated assets
- The security of fixed payments can be directed to you or to a loved one, such as a parent, sibling or child
- Best of all, the residuum will be used for the long-term benefit of our community

You can contribute cash or publicly traded securities to fund the gift annuity. If you have owned the securities for more than one year and they have appreciated in value, you will not be taxed on the gain when you transfer the securities, provided you are the payment beneficiary. If you are the beneficiary, a portion of the payments you receive will be taxed partly as capital gains and partly as ordinary income, with possibly an additional portion treated as tax-free return of capital. If you contribute cash, your payments will be partially tax-free and partially ordinary income.

Generally, the deduction from the creation of a charitable gift annuity is for the excess of your contribution over the present value of your life payments. The deduction generally runs between 20 percent and 50 percent of the contribution, depending on the age of the beneficiary or beneficiaries.

Younger donors may want to consider a deferred gift annuity. If you are still working and do not need income now, a deferred annuity can help you supplement the payments you will receive from your qualified retirement plan and Social Security after you retire. By contributing to a deferred charitable gift annuity, you can contribute now but postpone receiving payments until you are 60 or older.

## Choosing the Right Option

Berkeley Repertory Theatre and Silicon Valley Community Foundation provide several options to help charitably minded individuals receive income during their lives. To learn how a gift annuity might work for you, contact Daria Hepps, Associate Director of Development, Berkeley Repertory Theatre at 510.647.2904 or email [dhepps@berkeleyrep.org](mailto:dhepps@berkeleyrep.org) or the Silicon Valley Community Foundation at 650.450.5444 or email [donate@siliconvalleycf.org](mailto:donate@siliconvalleycf.org).

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