

Frequently Asked Questions



What is a Gift Annuity?

A gift annuity is an irrevocable agreement in which a donor transfers assets (such as securities or cash) to the United Church of Christ in return for lifetime annual income of a fixed amount. Thereafter, the remaining principal benefits the part of the UCC and/or UCC-related organization designated by the donor.



Who Can be a Life Income Beneficiary?

One or two persons, minimum age 35, can be designated to receive income from a UCC Gift Annuity. In the case of a two-life agreements, payments are made to one for life, and then to the survivor for life.



Who can be a Remainder Beneficiary?

Any UCC entity can be named the charitable beneficiary of a UCC Gift Annuity: a congregation; conference; related educational, health, or human service institution; any board, Covenanted Ministry or agency of the UCC, or simply The United Church of Christ.



Can I Change My Remainder Beneficiary After My Gift is Established?

Charitable Gift Annuities are irrevocable contracts. Once executed, a contract becomes an agreement between three parties: the donor, the United Church Foundation, and the named remainder beneficiary(ies). Any change in the agreement must have the approval of all parties. When the donor makes a written request, we communicate that request to the Foundation and the remainder beneficiary, stating the current value of the gift and the age of the donor(s). The change is not effected until we have received the signatures of representatives of the Foundation and the remainder beneficiary(ies).



Who Determines Gift Annuity Rates of Return?

In calculating Charitable Gift Annuities, the UCC Financial Development Ministry uses the rates suggested by the American Council on Gift Annuities (ACGA), which is a cooperative endeavor of a variety of non-profit organizations. ACGA rates are recognized by the Internal Revenue Service (IRS) as being actuarially sound and in the best interests of all parties involved. Rates are fixed for the lifetime of the annuitants and are actuarially determined by means of mortality tables, investment assumptions, and goals for the preservation of principal.



How is the Rate of Payment Determined?

The annual income is determined by rate tables developed by the American Council on Gift Annuity which are based on the age of the life income beneficiary at the time the UCC Gift Annuity is established. The payment amount remains fixed for life. Rates are calculated actuarially and set at levels that assure continuing payments to the life beneficiary, as well as a remainder amount for the designated remainder beneficiary.



What are Some of the Tax Implications of This Gift?

For tax purposes, a Gift Annuity is considered to be partly the purchase of an annuity, and partly the making of a gift.

Charitable Deduction. In the year the Gift Annuity is made, the donor is entitled to a charitable deduction for that part of the annuity that is considered a gift. This amount is determined by U.S. Treasury Tables. The deduction is claimed by itemizing the deduction on

one's income tax return.

Annual Payments. A portion of the annual payments may be tax free. Once the investment in the annuity has been recovered, i.e., life expectancy achieved, the entire annuity becomes taxable as ordinary income.

How Is My Charitable Tax Deduction Determined?

It is not possible to predict the exact principal that will remain from each gift for the charitable beneficiary - it may be greater or less than the original gift amount, due primarily to earnings of the United Church Foundation's Gift Annuity Fund. However, the actuarial goal is to preserve at least 50% of the original gift value for the charitable beneficiary, and this goal functions in the rates of return that are offered for each age. Historically, gifts have appreciated in value, but this may not be true of those gifts paid out to church or charity following a period of economic downturn.

How Much of My Gift Will Be Left for My Remainder Beneficiary?

On a monthly basis, the IRS publishes a Discount Rate, also called the Charitable Federal Midterm Rate (CFMR) or the Applicable Federal Rate (AFR). This rate is applied to Gift Annuity calculations and has an impact, along with life expectancy, on the amount of the charitable deduction. Because the Discount Rate may change monthly, gift illustrations done in different months may show different charitable deductions.

Who Manages Gift Annuities?

The Gift Annuity Fund is a segregated fund which is conservatively and prudently invested under the auspices of the United Church Foundation.

What are the Administrative Fees Involved?

There is no direct fee levied against the donor or the remainder beneficiary. A modest administrative fee is charged each year against the total assets in the Gift Annuity Fund.

What is the Minimum Gift Amount?

The minimum gift amount to establish a UCC Gift Annuity is \$1,000. All Gift Annuities may be funded with either cash or securities.

What is a Deferred Payment Gift Annuity?

A Deferred Payment Gift Annuity allows the donor to make a gift now, enjoy a deduction, and delay income. This annuity provides annual income beginning at a predetermined date in the future.

How can I make a Gift Annuity in Hawai'i?

For more information on how you can create your own Gift Annuity, email Donaldson Hill, Minister and Team Leader for Financial Development in the UCC (dhill@ucc.org) or Associate Conference Minister Diane Weible (dweible@hcucc.org)