COULD A CHARITABLE GIFT ANNUITY WORK FOR YOU?

Many of us know about wills and bequests, but have you considered a charitable gift annuity? It may be an excellent option for you and your family.

By establishing a charitable gift annuity with Wofford College, you can receive fixed income payments for life and tax deductions while supporting Wofford’s efforts to prepare superior students for meaningful lives as citizens, leaders and scholars.

Payments from charitable gift annuities vary based on a number of factors: the amount of the original gift, the age of the beneficiary(ies) and current payout rates. See below for a couple of examples:

• John is 75 years old and has contributed $25,000 to a charitable gift annuity. Based upon his calculated life expectancy, he will receive a 5.8 percent payout rate, which equates to $1,450 per year ($1,108 of which is tax-free). In addition, he will be able to claim a charitable tax deduction of $11,257 when the annuity is established.

• Mr. and Mrs. Smith are 65 and 68 years old, respectively, and have contributed $250,000 of appreciated stock to Wofford in order to create a charitable gift annuity. Based upon their combined life expectancy, they will receive a 4.3 percent payout rate or an annual payment of $10,750. They will be able to claim a charitable tax deduction of $68,720 and reduce their liability in capital gains tax.

If you would like to see an illustration based on your age, potential gift amount and the current payout rates, contact Wofford’s Office of Gift Planning.
Q: What is a charitable gift annuity?
A: A charitable gift annuity is a simple contract in which a donor makes an irrevocable transfer of an asset to a charity (like Wofford) in return for fixed and guaranteed payments for life.

Q: How are the payments determined?
A: Payments are calculated based on the amount of the original gift, the age of the beneficiary(ies) and the current payout rates (standard rates established by the American Council on Gift Annuities).

Q: Will the payment amount change for any reason?
A: No, payments are fixed when the annuity is funded.

Q: How much of my original gift will ultimately benefit Wofford?
A: It is impossible to know at the outset, but gift annuities are designed (based on actuarial tables) to have about 50 percent of the funding amount remaining for the charity.

Q: What are the tax benefits of a charitable gift annuity?
A: The benefits are threefold:
- A portion of the gift to create the gift annuity is deductible as a charitable gift.
- A portion of the annual payments is tax exempt.
- If an annuity is funded with appreciated securities, only a fraction of the gain is reportable, and it is prorated over the donor’s life expectancy.

Q: Will I need the help of an adviser or attorney to execute a charitable gift annuity?
A: Wofford owns software that can calculate the payments based on the factors above. If the terms are agreeable, a simple contract is signed and the Wofford business office administers the payments and annual tax documentation at no charge. However, we always recommend that you check with your accountant or financial adviser before moving forward.

Q: Can a gift annuity be based on more than one life?
A: Yes. Gift annuities may be established for one or two lives, but never more. Payments on a two-life gift annuity are less, since projected life expectancy is greater.

Q: What is a deferred gift annuity?
A: A donor may get a higher payment rate by establishing a gift annuity but waiting until later for the payments to begin. Many individuals choose to fund a charitable gift annuity during peak earning years but defer the payments until after retirement.

Q: Can I use appreciated assets such as stock to fund a gift annuity?
A: Yes. Funding with appreciated stock has an added benefit of reducing the capital gains tax. The remaining capital gains may be spread over the expected lifespan of the donor. It is crucial that the donor retain the stock and transfer it directly to Wofford in order to take advantage of this reduction in tax.

Q: Can I add funds to the principal of an annuity after it is funded?
A: No. Once a gift annuity is funded, it cannot be altered. However, you may establish more than one annuity with an organization.

Q: Will I be able to choose where the gift is ultimately designated?
A: Yes. You may designate how you would like Wofford to use the remaining value of the annuity when the annuity ends.
CONTINUING A LEGACY
OF EDUCATION

IMPACT STORY: STACEY MANGAN ’15

Stacey Mangan ’15 is just one of many students who have benefited from the Lewis P. Jones ’38 Endowed Scholarship, established in 1987 by friends and former students of Lewis Pinckney Jones at the time of his retirement from Wofford. Jones was a beloved educator who served for many years as the William R. Kenan Jr. Professor of History and chair of the department. Now an educator herself, Mangan has been using her Wofford experiences to aid her in the classroom. The former cross-country student-athlete now teaches social studies at Byrnes High School in Spartanburg, S.C. During her time at Wofford, she was able to compete in collegiate athletics, study abroad and create and implement a fitness program for students at Arcadia Elementary School.

Mangan says that none of this would have been possible had she not received the Lewis P. Jones ’38 Endowed Scholarship. “I would not have been able to attend Wofford, and I would have lost the opportunity to grow as a person in so many different forums,” says Mangan. “My whole Wofford experience was meaningful, and through my professors’ support I emerged as someone who was ready to take on the education world.”

DONOR STORY: LEMUEL GRIER JR. ’47

In 1987 Lemuel A. “Lem” Grier Jr. ’47 became a pioneer in planned giving at Wofford. He established the first charitable gift annuity issued by the college. A lifelong lover of history, Grier majored in history at Wofford. He designated his annuity to the Lewis P. Jones ’38 Endowed Scholarship Fund to honor his beloved faculty member. As is customary for charitable gift annuities, the college invested Grier’s initial sum, and he received fixed income for the entirety of his life. Upon Grier’s death in 2000, the balance of the annuity boosted the Lewis P. Jones ’38 Endowed Scholarship Fund by $86,000, almost doubling the amount of the fund at the time. Since then students interested in the study of history — students such as Stacey Mangan — have benefited from the generosity of Grier and so many others.
## COMPARE LIFE INCOME GIFTS

Life income gifts serve a dual purpose: They provide philanthropic support for Wofford while also providing an income stream to you and/or your loved ones. There are also significant tax advantages. Two such life income gifts are charitable gift annuities and charitable remainder trusts.

<table>
<thead>
<tr>
<th>Type of Gift</th>
<th>Minimum Gift</th>
<th>Funding Assets</th>
<th>Income to Beneficiary</th>
<th>Tax Considerations</th>
<th>Fund Management</th>
</tr>
</thead>
</table>
| Charitable Gift Annuity      | $10,000      | Cash or securities | • Fixed payments for life paid by Wofford  
  • Payments based on ages and number of beneficiaries  
  • Maximum of 2 beneficiaries | • Present value of original gift is a deductible charitable gift  
  • Reduced and deferred capital gains tax for gifts of appreciated securities  
  • May help to minimize gift and/or estate taxes  
  • Substantial portion of the annuity payment may be tax exempt | • A simple contract between donor and Wofford, which is managed alongside the college’s endowment with no additional fees |
| Charitable Remainder Trust   | $100,000- $200,000* | Cash, securities or real estate | • Variable payments based on annual valuation of trust assets for life or a set term of years  
  • Can include multiple beneficiaries | • Present value of original gift is a deductible charitable gift  
  • No capital gains tax on transfer or sale of gift assets  
  • May help to minimize gift and/or estate taxes  
  • All or significant portion of the annuity payment will be taxable income for the beneficiaries | • A complex legal agreement that requires external council and management (typically through a bank) |

*Varies based on the ages of beneficiaries and other factors.

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WHAT’S NEXT?

Turn your good intentions into action.

1. Contact Lisa De Freitas ’88, director of gift planning, at defreitaslh@wofford.edu or 864-597-4203 to ask for a personalized illustration based on a proposed gift amount, your age(s) and current rates.

2. If you want to move forward after reviewing the numbers, fill out the application found at wofford.edu/supportwofford/giftplanning or ask Lisa to mail you additional information.