

# Deferred Gift Annuity - For More Income Later

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As rate charts reveal, gift annuity rates are higher for older individuals. As a result, gift annuities are generally most attractive to persons in their retirement years.

If you are still planning for your retirement or in your early retirement years and you would like to receive higher payments at a future time, you might want to consider an option known as a **deferred gift annuity**. Under the terms of a deferred gift annuity, you transfer funds to American Lung Association today and enjoy an immediate income tax savings, while higher payments to you are delayed until a future date you determine.

## Example

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1. Jane , age 70 , will transfer assets valued at \$ 50,000.00 on July 17, 2019 to American Lung Association in exchange for a deferred gift annuity, which will provide income for life starting on 5/1/2027 .
2. The annuity will make payments of **8.7%** of the gift amount annually, which is \$4,350 per year.
3. The gift will result in an immediate charitable income tax deduction of \$29,070.84. Additionally, the \$50,000 given in exchange for the annuity will not be subject to estate taxes.
4. At the end of the annuity period the amount of the gift, less the value of the life payments, will be used by American Lung Association to further its mission.

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This example has used the June 2019 IRC Section 7520 discount rate of 2.8% to optimize the charitable deduction.

**NOTE:** This calculation is provided for educational purposes only. The type of assets transferred, the actual date of the gift, and other factors may have a material effect on the amount or use of your deduction. You are advised to seek the advice of your tax advisors before implementing a gift of this type.

See questions & answers about [deferred gift annuities](#)

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