

FREQUENTLY ASKED QUESTIONS CONTINUED

How does the University of Alberta benefit?

The difference between the amount you contribute and the cost of reinsuring the charitable gift annuity with the insurance company is retained by the university for its charitable purposes. As with any gift to the university, you can designate the purpose to any area that is of interest to you.

Suppose I am married and I would like payments to continue to my spouse if he/she survives me. Will the amount the surviving spouse receives be reduced?

There will be no reduction in the amount the surviving spouse receives. It will be the same as you have been receiving. Furthermore, there will be no interruption of payments while your estate is being settled.

Can payments be made to my spouse and me jointly and then to the survivor?

Yes, payments could be made in both of your names while both of you are living. This would be a common arrangement if both of you contribute for the annuity, perhaps using jointly-owned assets. If you are contributing assets owned by you individually, the common arrangement would be to have payments made to you and then to your spouse if he/she survives you.

I own appreciated stock that is currently paying a low dividend. Now that I am retired, I would like to increase my cash flow from my investments. Can I contribute some of that stock for a charitable gift annuity?

Yes, you may contribute publicly traded securities (individual stocks, bonds or mutual funds) for a charitable gift annuity. You will be taxed only on the portion of capital gain that is attributed to the value of the payments that you will receive.

Is there a minimum amount that must be contributed for a charitable gift annuity?

The minimum contribution required is \$25,000, and could consist of cash, securities, or a combination of the two. The contributed assets must total \$25,000 in value.

Is there a minimum age for beneficiaries of a charitable gift annuity?

The beneficiary of a one-life charitable gift annuity, or the younger beneficiary of a two-life charitable gift annuity, must be at least age 65.

Whom do I contact if I would like to see an annuity illustration or if I have questions?

Please call the Office of Planned Giving at 780-492-2394 or send an e-mail to giving@ualberta.ca.

A member of our staff is also available to meet with you personally.

The information contained herein is offered for general informational and educational purposes, and does not constitute legal advice. You should contact your own lawyer or financial advisor for applicability to your own situation.

For more information, please contact us at:

Office of Planned Giving

University of Alberta

Tel. 780.492.2394

Toll-free: 888.799.9899

Email: giving@ualberta.ca



SECURE YOUR FUTURE WITH A **CHARITABLE GIFT ANNUITY** AT THE UNIVERSITY OF ALBERTA





QUESTIONNAIRE

The questions below will help you determine if a charitable gift annuity is right for you:

1. YES NO I would welcome the security of fixed payments that are unaffected by fluctuations in stock values and interest rates.
2. YES NO I would like for these payments to continue for as long as I live.
3. YES NO I would like for a substantial portion of the payments to be tax-free.
4. YES NO I would like to reduce the amount of income tax I pay.
5. YES NO I have a cash investment that is paying a low interest rate and/or appreciated stock that is paying a small dividend.
6. YES NO If I were able, I would like to provide some form of legacy gift to the University of Alberta.

If you answered “yes” to four or more of these questions and you are 65 years or older, a charitable gift annuity may be right for you. Please review the frequently asked questions section for more information or call **780-492-2394**.

INTRODUCTION

Charitable gift annuities allow you to support the University of Alberta while guaranteeing yourself and loved ones a fixed income for life.

A charitable gift annuity is a contract specifying that, in exchange for an irrevocable gift of cash and/or publicly-traded securities, the University of Alberta will make fixed guaranteed payments to you or your beneficiaries for life or over a fixed term.

You give a gift of cash or securities to the University of Alberta



You and/or another beneficiary receive guaranteed fixed payments from University of Alberta



The U of A purchases a life annuity through a highly rated insurance company

FREQUENTLY ASKED QUESTIONS

How is the annuity payment determined?

The payments depend on (1) the amount you contribute for the charitable gift annuity, (2) your age and that of any other beneficiary at the time of the contribution, and (3) the annuity rates paid at the time by the University of Alberta. The older you are, the larger your payments will be.

Will the payments change?

No, they will remain constant, neither increasing nor decreasing. The interest paid on Guaranteed Investment Certificates (GICs) and bonds fluctuates depending on economic conditions, but the payments from a charitable gift annuity do not change. Thus, they offer the security of predictable cash flow.

How will the payments be made?

Payments will be made via electronic deposits.

How are the payments taxed?

A substantial portion of the payments will be tax-free. That is because a portion of each payment represents a return of capital. Since only a fraction of the payments is taxable, your after-tax income will be larger.

Are there other tax benefits?

Yes, you receive a donation receipt at the time you make the contribution, which results in a tax credit. The donation receipt is for the difference between your contribution and the cost of providing guaranteed payments to you. Usually, the amount of the donation receipt will be between 25% and 30% of your contribution.