

# Charitable Gift Annuity

... a gift that pays income

### WHAT IS A CHARITABLE GIFT ANNUITY (CGA)?

A CGA is a gift that pays one or two individuals income while benefiting the Washington State University program(s) of your choice. If you are interested in supporting the University's mission while receiving steady, reliable lifetime payments for you or others, a CGA with the WSU Foundation may be perfect for you. What's more, you can choose to receive immediate or deferred payments depending on what makes the most sense for your situation.

#### Through a CGA, You May...

- Define and build your legacy at WSU
- Receive a lifetime of reliable income
- Enjoy a high rate of return (based on age)
- Earn a charitable income tax deduction

RATES			
ONE LIFE		TWO LIVES	
AGE	RATE	AGE	RATE
70	5.1%	70/70	4.6%
75	5.8%	75/75	5.0%
80	6.8%	80/80	5.7%
85	7.8%	85/85	6.7%
90	9.0%	90/90	8.2%

Note: Rates may be higher if the first payment is deferred a year or more. For deferred rates, please call 800-448-2978.

509-335-7883 or 800-448-2978  
 gppoffice@wsu.edu  
 foundation.wsu.edu/giftplanning

*"Our Charitable Gift Annuities became an important part of our income, and 'better' income from a tax perspective, because the payments are taxed more favorably than the ordinary income from our IRA."*

—Bob Gibb ('44 Sci.), Legacy Associate

Bob and Ruth Gibb established multiple two-life CGAs with the WSU Foundation that provided them with attractive, reliable returns and afforded them the ability to choose the WSU program(s) that will ultimately benefit from their gifts. Now that Ruth has passed, Bob continues to receive a reliable fixed income.

### HOW THEY WORK



**LEGACY ASSOCIATES**  
OF  
 WASHINGTON STATE UNIVERSITY

This gift qualifies for recognition among the Legacy Associates of WSU: [foundation.wsu.edu/legacy-associates](http://foundation.wsu.edu/legacy-associates) (if you prefer, your support can remain anonymous).



WASHINGTON STATE  
 UNIVERSITY  
 FOUNDATION

# Charitable Gift Annuity Disclosure

## Description of the Washington State University Foundation

The Washington State University Foundation (hereinafter “WSU Foundation”), a Washington nonprofit corporation and a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986, was organized and incorporated in 1979 for the purpose of stimulating voluntary private support from alumni, parents, friends, corporations, foundation, and others for the sole and exclusive benefit of Washington State University. The WSU Foundation exists to raise and manage private resources in support of the mission and priorities of Washington State University, provide opportunities for students attending Washington State University, and create a margin of institutional excellence unattainable with state funds alone.

## Description of a Gift Annuity

A gift annuity is a simple contract between the donor and the WSU Foundation. In exchange for a current gift of cash, marketable securities or other property, the WSU Foundation promises to make fixed, guaranteed payments for life to one or two annuitants—usually, but not necessarily, the donor. The amount paid is based on the age of the annuitant, in accordance with the WSU Foundation’s rate schedule.

## Not a Commercial Investment

Entering into a gift annuity agreement with the WSU Foundation is not, and should not be viewed as, an investment. Rather, it is a tax-wise way to retain the right to receive annuity payments for life and make a current charitable contribution of the remainder interest to the WSU Foundation. In this respect, a gift annuity issued by the WSU Foundation is different from a commercial annuity. While both types of annuities make payments that are usually partially tax-free, the charitable donation aspect of establishing a gift annuity may result in additional tax benefits that are not available when purchasing a commercial annuity. These tax benefits may include an immediate federal income tax charitable deduction and possible future estate tax savings.

## Gift Annuity Rates

Generally, the gift annuity rates paid by the WSU Foundation are those suggested by the American Council on Gift Annuities, a national organization of charities established in 1927. These rates have been calculated to provide attractive payments to the annuitant, with a significant portion of the gifted property remaining for the charity. Because a charitable gift is involved, the rates are lower than those available through commercial annuities offered by insurance companies and other financial institutions.

## Assets Backing Annuity

The annuity payments are a general obligation of the WSU Foundation and are backed by all of the WSU Foundation’s assets (subject to security interests or gift restrictions). On June 30, 2016, the WSU Foundation’s invested funds was more than \$350 million. These are strategically invested in stocks, bonds, money market funds, and federal obligations to reduce volatility while encouraging growth. WSU Foundation also maintains a gift annuity reserve fund in accordance with the laws of the states in which the WSU Foundation offers gift annuities. Assets received by the WSU Foundation for gift annuities are managed by Kaspick & Company in a disciplined manner and are commingled with other such gifts for investment purposes. If the WSU Foundation should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of the WSU Foundation.

## Governance

Responsibility for governing the WSU Foundation is vested in its governing board composed of individuals having high business acumen and devotion to the mission and initiatives of Washington State University and the WSU Foundation. Common investment funds managed by the WSU Foundation are exempt from registration requirements of the federal and state securities laws, pursuant to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P.L. 104-62) and the Securities Act of Washington (RCW 21.20.310). Information in this document is provided in accordance with the requirements of applicable law.

## Points to Remember

- A contribution for a gift annuity is irrevocable.
- Inflation can reduce the buying power of your fixed payments over time.
- The right to annuity payments may not be assigned to any person or organization other than the WSU Foundation.
- The gift date is the date when you actually transfer assets. In the case of cash, it is the date you mail or deliver a check. In the case of an electronic transfer of securities, it is the date they are received into the account of the WSU Foundation. If you have certificates, it is the date they are properly endorsed and mailed or delivered. Contact the WSU Foundation regarding funding a gift annuity with other types of assets.
- The gift annuity is governed by applicable state laws.

## FOR MORE INFORMATION

This disclosure statement is intended to provide basic information regarding gift annuities issued by the WSU Foundation, and is not intended to serve as legal advice. You are encouraged to consult your own legal or financial advisor about the appropriateness of such a gift based on your particular circumstances. If you have additional questions concerning the WSU Foundation’s gift annuity program, please write or call: WSU Foundation/ Gift Planning, PO Box 641925, Pullman, WA 99164-1925; 800-448-2978.

The information contained in this publication is not intended to be interpreted or relied upon as legal, tax, or financial advice. The WSU Foundation does not engage in the marketing of services pertaining to individualized advice about estate distribution documents. Before entering into a planned gift with any charity, the donor should seek professional legal, tax, and financial advice. This information cannot be relied upon as professional advice adequate in scope and content to avoid the imposition of penalties under the Internal Revenue Code. Information about the WSU Foundation and its management policies for all types of gifts can be found at [foundation.wsu.edu/about](http://foundation.wsu.edu/about).

The WSU Foundation is not authorized to offer Charitable Gift Annuities in all states. Attention California residents: Payments made under a Charitable Gift Annuity are subject to regulation by the California Insurance Department but are not insured or otherwise guaranteed by the California Life Insurance Guaranty Association.