

Planned Giving Partnership Program

Nonprofit organizations that wish to offer charitable gift annuities to their donors, but do not have the infrastructure to manage, invest and administer life income gifts, may join the Planned Giving Partnership Program at the Hartford Foundation for Public Giving. Participation in the program provides lasting benefits for an organization and its donors. The organization benefits from the creation of an endowment at the Foundation and its donors fulfill their philanthropic and financial goals by choosing a tax-wise charitable gift annuity.

CHARITABLE GIFT ANNUITIES

A charitable gift annuity is a simple contract between a donor and HFPG, Inc., the corporate affiliate of the Foundation. In exchange for the donor's gift of cash, securities, or other assets, HFPG, Inc. will pay a fixed sum to one or two annuitants each year for life. Annuity payments are based on the annuitant's age, using rates adopted by the Foundation and guaranteed by its general resources. Payments may be made in annual, semiannual, quarterly, or monthly installments. At the end of the annuitant's life, 85% of the remaining principal will establish, or add to, the organization's endowment fund at HFPG, Inc. The final 15% will be directed for HFPG, Inc.'s discretionary grantmaking.

DONOR BENEFITS

By making the gift, the donor is entitled to federal income, estate and gift tax benefits. At the time of the gift, the donor receives a charitable income tax deduction for the difference between the amount transferred and the value of the annuity, subject to IRS limitations. Once the annuity payments begin, part of each payment is tax-free, increasing each payment's after-tax value in most circumstances. If the donor contributes appreciated property, the donor will pay capital gains tax on only part of the appreciation. In addition, if the donor is also the primary annuitant, the capital gains tax may be spread out over the donor's life expectancy. If the donor were to sell the appreciated asset instead, all of the capital gains tax would be due in the year of the sale.

NONPROFIT ORGANIZATION BENEFITS

By participating in the program, the organization will have a named endowment fund at the Foundation and will receive annual distributions to support its mission. To participate in the program, the organization must secure a sufficient number of donors so that the collective remainder value of the gift annuities is \$50,000, which will ultimately be used to establish the organization's fund. The \$50,000 minimum may also be met through outright donations, allowing other donors to establish gift annuities to benefit the fund in years to come.

Investment management fees for the charitable gift annuity pool are charged directly to the investment pool where the funds are held; therefore, there are no out-of-pocket costs to the donor or organization. The organization will have access to Foundation staff to consult on promotion of the program to their donors. The organization need not become experts on planned gifts as the Foundation will work directly with new donors to assist with all details of the asset transfer and gift annuities.