



The Jewish Federation
OF GREATER WASHINGTON

United Jewish
Endowment Fund

Comparison of Life Income Plans

Feature	Charitable Gift Annuity (CGA)	Charitable Remainder Annuity Trust (CRAT)	Charitable Remainder Unitrust (CRUT)
Income Tax Deduction	Donor receives an income tax deduction for the present value of the anticipated future charitable gift.	Donor receives an income tax deduction for the present value of the anticipated future charitable gift	Donor receives an income tax deduction for the present value of the anticipated future charitable gift
Determination of Annual Income Amount	Fixed amount based on age of annuitant(s) and date and amount of gift.	Fixed amount: percentage of original gift amount. Donor has some flexibility in choosing percentage when trust is created.	Amount calculated annually: Percentage of trust's value at fiscal year end. Donor has some flexibility in choosing percentage when trust is created.
Term	Can be a fixed term or for one or two lives.	Can be a fixed term or for one or two lives.	Can be a fixed term or for one or two lives.
Assets Accepted	Cash or securities. Highly appreciated assets may offer tax advantages.	Many types of assets can be accepted.	Many types of assets can be accepted.
Creation of Separate Entity	No separate entity created. The charity issues an annuity contract to the donor.	A separate entity must be created and is governed by a trust document.	A separate entity must be created and is governed by a trust document.
Flexibility of Gift	Gift structure or specific variants are defined	Donor has some flexibility in setting trust terms.	Donor has some flexibility in setting trust terms.
Complexity of Gift Instrument	Two-page straightforward agreement	Complex trust document	Complex trust document
Start-up Costs	No start-up costs	Attorney fees to draft or review trust documents	Attorney fees to draft or review trust documents
Additions Allowed	No additions allowed to original gift, but new annuities are easy to set up.	No additions allowed once trust is established	Additions to trust are allowed
Availability of Deferral on Income Payment	Yes, a deferred CGA can be created—allows the payment start date to be delayed.	Yes, a deferred CRAT can be created—allows the payment start date to be delayed.	Yes, a deferred CRUT can be created—allows the payment start date to be delayed.
Ability to Change Designation of Charitable Beneficiary	Once the CGA is established, the donor cannot change the charitable beneficiary of the gift.	The donor can change the charitable beneficiary if the trust permits it.	The donor can change the charitable beneficiary if the trust permits it.
On-going Annual Costs	1% administrative fee	Trustee and/or investment fees	Trustee and/or investment fees
Taxability of Annual (Income) Payments	A portion of payment is a return of capital, making it free of income tax. The exact amount depends on the assets used to create the CGA.	Income payments are subject to tax depending upon the type of income earned by the trust.	Income payments are subject to tax depending upon the type of income earned by the trust.
Risk of Depletion	Annual payments continue for life. Charitable remainder of gift can be depleted.	If trust assets are depleted by annual payments, trust closes with no charitable remainder and no additional annual payments.	Trust assets rarely depleted, but annual payments and charitable remainder can become small



For more information, please contact:

Elizabeth R. Goldstein, Esq.
**Deputy Director, United Jewish
Endowment Fund**
elizabeth.goldstein@shalomdc.org
301-230-7228

The Jewish Federation of Greater Washington
6101 Executive Blvd., Suite 100
North Bethesda, MD 20852
PHONE 301-230-7230 • **FAX** 301-230-7273
TTY 301-230-7260
EMAIL endowment@shalomdc.org
WEB www.shalomdc.org/endowment

The United Jewish Endowment Fund of the Jewish Federation of Greater Washington strives to help our community provide an enriched Jewish life today and a vibrant Jewish tomorrow. The Endowment Fund connects philanthropists with opportunities to meet Jewish needs and *tikkun olam*—repairing the world. Together, we strengthen and advance Jewish life in the Greater Washington area and around the world.

The United Jewish Endowment Fund of The Jewish Federation of Greater Washington

- Generates permanent funds to support the work of our Jewish Federation family of agencies and beyond to the Greater Washington community;
- Catalyzes diverse funding sources to leverage our ability to meet Jewish needs and effect change in the broader community;
- Awards seed money to new and innovative initiatives for enriching Jewish life and for *tikkun olam*; and
- Furnishes funds for unanticipated and emergency needs locally and overseas.

The United Jewish Endowment Fund's Legacy Society recognizes those individuals who create a permanent fund of at least \$10,000 to sustain the vitality and strength of our Jewish community. If you establish a fund of \$200,000 or more, you will become a member of the national Star of David Society of the Jewish Federations of North America.

Contributions to the United Jewish Endowment Fund are tax deductible to the full extent the law allows.

This material is not intended to provide professional or legal advice. Please consult your advisors for professional advice.



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