

Description	Immediate	Deferred
Donor	Individuals	Individuals
Best Suited For	Donors wanting to make a charitable gift and who desire a fixed lifetime cash flow; usually a smaller gift	Donors wanting to make a charitable gift and who desire a fixed lifetime cash flow that starts in the future such as at retirement
Assets to Contribute	Usually publicly traded securities or cash; Appreciated property may involve the bargain sale rules	Usually publicly traded securities or cash; Appreciated property may involve the bargain sale rules
Term	Lifetime of one or two income beneficiaries	Lifetime of one or two income beneficiaries
Income Beneficiary	One or two lives only (no fixed term of years)	One or two lives only (no fixed term of years)
Distributions Paid	Starts at first scheduled payout after contract finalized	Deferred until a future date specified in contract
Payment Frequency	Paid at least annually, but may be quarterly, semi-annually, monthly	Paid at least annually, but may be quarterly, semi-annually, monthly
Payout Rate	Contract between donor and charity whereby charity is obligated to pay a fixed amount annually to the annuitant. The American Council on Gift Annuities suggest payout rates charities may follow	Contract between donor and charity whereby charity is obligated to pay a fixed amount annually to the annuitant. The American Council on Gift Annuities suggest payout rates charities may follow
Asset Valuation Date	Date of Gift	Date of Gift
Income Tax Charitable Deduction	Charitable income tax deduction based on the difference between FMV of property transferred and actuarial value of the annuity	Charitable income tax deduction based on the difference between FMV of property transferred and actuarial value of the annuity
Estate Tax Considerations	One life: no estate tax; Two lives: depends on order of deaths	One life: no estate tax; Two lives: depends on order of deaths
Gift Tax Considerations	Taxable gift if someone other than the donor is an annuitant. Marital deduction and Annual Gift Tax Exclusions may be claimed	Taxable gift if someone other than the donor is an annuitant. Marital deduction may be claimed
Taxation of Distributions	A part of each annuity payment represents tax-free return of principal, ordinary income and possible capital gain. When donor has recovered "investment in the contract" then the entire payment represents ordinary income	A part of each annuity payment represents tax-free return of principal, ordinary income and possible capital gain. When donor has recovered "investment in the contract" then the entire payment represents ordinary income
Payment Source	Charity is responsible for making the contracted payments for as long as the annuitants are alive	Charity is responsible for making the contracted payments for as long as the annuitants are alive
Investments within the CGA	Funds invested by the charity to yield return sufficient to meet the annual annuity payment. A majority of gift annuities are subject to regulation by State Insurance Commissioner, which may require charity to maintain a reserve	Funds invested by the charity to yield return sufficient to meet the annual annuity payment. A majority of gift annuities are subject to regulation by State Insurance Commissioner, which may require charity to maintain a reserve
10% Probability Test	N/A; but the gift element must be more than 10%	N/A; but the gift element must be more than 10%
Additional Contributions	No, but many donors create multiple CGAs	No, but many donors create multiple CGAs