

Funding a Charitable Gift Annuity with your IRA



Carleton

Gain the security of a fixed, guaranteed income for life

Make a gift to Carleton directly from your IRA

Count the gift toward your required minimum distribution (RMD)

JOSEPH LEE
HEYWOOD
SOCIETY

QUALIFYING GIFT

Planning Tips

- If you are 70 1/2 or older you can make a one-time Qualified Charitable Distribution (QCD) of up to \$55,000 from your IRA to fund a Charitable Gift Annuity (CGA). If both spouses are 70 1/2 or older, each can contribute \$55,000 from their respective IRAs to fund a joint-life CGA.
- QCDs are tax-neutral for federal tax purposes—you don't have to report them as income, and they are not eligible for charitable income tax deductions. State laws vary, however.
- All payments from a CGA funded by a QCD will be taxed as ordinary income.
- You must establish an immediate annuity. Flexible deferred annuities do not qualify under the new law.

How You Benefit

- Your gifts may count toward your Required Minimum Distribution (RMD) but do not count as income for federal income tax purposes.
- If you have already used up your charitable deductions or do not itemize your deductions, you can still make gifts through a QCD.
- **Income for Life:** The annuity is payable for your life and/or the life of your spouse, so you cannot outlive your annuity payments. Payments to children or others are not allowed.
- **Eliminate Investment Risk:** Your annuity payments—at a fixed amount—will remain constant regardless of market volatility.
- **Secure Payments:** Your annuity payments are guaranteed by all of the assets of Carleton College; now more than \$1.35 billion as of June 30, 2025. The College has earned an Aa2 credit rating from Moody Investor Services.

How Carleton Benefits

At the death of your last income beneficiary, remaining annuity assets are transferred to the College to be used for a purpose you may designate.

Minimum/Maximum Gift

The suggested minimum for establishing a charitable gift annuity at Carleton is \$10,000. The IRS limits the distribution to one year only and up to \$55,000. You can transfer amounts less than \$55,000 in a year and then transfer additional amounts up to \$55,000 in the same tax year, but you must establish a separate annuity for each transfer. No further transfers are allowed in future years even if you transferred less than \$55,000.

Online Resources

To see how a gift annuity might work for you, use the Gift Calculator to run the numbers:
go.carleton.edu/giftcalc

QUESTIONS? PLEASE CONTACT US

Phone 800-492-2275 • 507-222-4200
Email planned-giving@carleton.edu
Web carleton.edu/giving/planned

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Disclosure: Gift annuities are a general obligation of the College. The College maintains reserve accounts in accordance with various state regulations. By practice, Carleton invests 100 percent of all gift annuity gifts in support of future payments. This information is not intended as legal advice. Please consult your attorney or financial advisor to learn if a charitable gift annuity is appropriate for your situation.