

Mr. Young, who is 66 years old, has already retired. He is comfortable with his income at the moment but is concerned that he will outlive his resources. Therefore, he establishes a \$100,000 gift annuity with payments deferred for six years. He can claim an immediate charitable deduction of about \$46,595 on his income tax. When he turns 72, he will begin to receive payments fixed for life at 7.5% (\$7,500 per year), some portion of which will be tax-free. (The example provided here is based on calculations as of November 2009 and is for illustration purposes only. The donor is a composite and not an individual contributor to Wordnet Productions. Specific updated examples can be provided on request at no obligation.)