

Retirement & Giving: Secure Your Future with Life Income Gifts

Admin User · December 6, 2025

Discover how donors can leverage life income gifts to supplement retirement funds, reduce taxes, and make a meaningful impact on their favorite causes.

By Akadius Berry and Dave Libengood

Retirement marks a major life transition – financially, emotionally, and personally. For many, it's the first time in decades that the pace slows and the focus shifts inward: How will I sustain my lifestyle? What kind of legacy do I want to leave behind? How can I continue contributing to the world in a meaningful way?

While traditional retirement planning often centers on savings goals and income replacement, there's another side to the equation that's gaining momentum: the desire to give back.

Enter life income gifts, or LIGs. These powerful philanthropic tools allow individuals to support the causes they care about while securing a steady stream of income in retirement. And contrary to popular belief, they're not just for ultra-wealthy donors.

What Are Life Income Gifts?

Life income gifts are planned giving arrangements that provide income to the donor (or another beneficiary) for life or a set number of years, after which the remainder goes to a charitable organization.

The two most common types are charitable gift annuities (CGAs) and charitable remainder trusts (CRTs); both offer unique advantages depending on financial goals, age and funding assets.

These tools have traditionally been favored by high-net-worth individuals, but they're becoming increasingly relevant to middle donors – those with investable assets who want to align their financial and philanthropic priorities as they near retirement. As interest in

purpose-driven retirement planning grows, the appeal of these hybrid gifts is expanding.

Understanding the Mechanics of Life Income Gifts

A CGA is a simple contract between a donor and a nonprofit. In exchange for a one-time gift of cash or appreciated assets, the nonprofit provides the donor with fixed, guaranteed income for life. After the donor's passing, the remaining balance supports the organization's mission.

CGAs offer several benefits: predictable income, a partial income tax deduction at the time of the gift and the satisfaction of making a lasting impact. Minimum contribution amounts typically range from \$10,000 to \$25,000, making them accessible to many more donors than some may expect.

CGAs can also be funded with a qualified charitable distribution (QCD) from an IRA, which may appeal to retirement-age donors. Individuals aged 70½ or older are allowed a one-time opportunity to transfer up to \$54,000 (as of 2025) tax-free directly to a charity to establish a CGA. This strategy can satisfy all or part of the donor's required minimum distribution (RMD) while securing fixed lifetime payments. While QCD-funded CGAs don't qualify for a charitable income tax deduction, they remain a compelling option for those looking to reduce taxable income while supporting a cause they care about.

According to national benchmarks, the average CGA donor is 79 years old and contributes around \$45,000. Consider 78-year-old Ed: he was seeking a better return than what his bank offered for a \$25,000 certificate of deposit. He opted instead to establish a CGA through his local community foundation. Based on his age, the annuity pays him 7.6% annually, or \$1,900 per year, for life.

CGAs are actually the most frequently used life income gifts and among the easiest to create. You, as the donor, receive a charitable income tax deduction while the annuity replaces, and in many cases actually increases, income.

CRTs offer a way to make a gift that allows you to retain income from your property for life or for another period that you specify. They come in two main varieties: charitable remainder annuity trusts (CRATs) and charitable remainder unitrusts (CRUTs). While CRTs are more complex, they offer greater flexibility than CGAs in terms of contribution amounts, funding asset types, number of beneficiaries and payout structures.

For example, a donor might contribute a highly appreciated rental property, avoiding a large capital gains tax bill and converting the asset into a steady stream of income for retirement. Other assets used to fund CRTs include farmland, artwork or ordinary shares of stock, making them a valuable tool for donors with a range of holdings.

CRATs provide a fixed payout, while CRUTs provide a variable payout based on the trust's asset value. Both allow donors to design a giving strategy that suits their personal financial goals.

Financial Advantages for Retirees

One of the most compelling features of life income gifts is their ability to generate consistent income during retirement, which is especially valuable for those who don't have a pension or want to supplement their retirement savings.

CGAs provide fixed payments, which can offer a reassuring sense of stability, especially during periods of economic uncertainty. The payments from a CRUT will vary from year to year, but can grow over time depending on investment performance, helping to offset the impact of inflation.

Life income gifts also offer significant tax benefits and donors may qualify for an immediate income tax deduction based on the projected future value of their gifts. If appreciated assets like stocks are used to fund the gift, donors may avoid capital gains tax.

These gifts can also offer significant estate planning advantages. Because a portion of the donated assets ultimately goes to charity, that amount is removed from the donor's taxable estate, reducing or even eliminating estate tax liability for heirs. This is key for wealthier individuals with appreciated assets or complex estates who are looking for ways to transfer wealth efficiently.

Philanthropic Impact

While the financial benefits are substantial, life income gifts also allow individuals to make a meaningful impact on the causes they care about. These gifts enable donors to support the charitable organizations that have shaped their lives, whether it be their alma mater that gave them the tools to grow a successful business, the hospital where their child received life-saving medical care or the cultural institution that has preserved the history of their hometown.

They also offer a way to create a legacy. By establishing a CGA or CRT, donors make a statement about their values – one that can inspire others and live on well beyond their lifetimes. Importantly, life income gifts allow individuals to balance their personal financial needs with their charitable intentions. Rather than choosing between financial security and generosity, donors can pursue both. And in some cases, like in Ed's example above, they

can do so while securing better income than other conservative investment options would offer.

Who Should Consider Life Income Gifts?

Life income gifts are well-suited for middle donors – individuals with investable assets who want to supplement their retirement income and reduce their tax burden. You don't need to be a millionaire to establish one. In fact, these gifts are often ideal for donors with appreciated assets they've held for years and are now considering how best to utilize them.

They're also attractive to people who are philanthropically inclined but hesitant to part with assets they might need during their lifetime. Life income gifts build a bridge between the ability to give, while still receiving.

How to Get Started

The best way to begin is by speaking with a financial adviser, attorney or a planned giving officer at a nonprofit organization you care about. These professionals can help you assess whether a CGA or CRT makes sense for your situation and walk you through projections based on your age, gift amount and goals.

A good starting point is to consider what you want your money to accomplish, not just for yourself, but for others. Do you want to guarantee income for yourself or your spouse? Do you want to avoid large capital gains taxes on appreciated assets you want to sell? Do you want your favorite school or hospital to receive a significant gift after your lifetime?

Once you've clarified your goals, setting up a life income gift is a relatively straightforward process. Your adviser and the nonprofit will help prepare the legal documents. From there, you begin receiving a regular income and the peace of mind that comes from knowing your gift will leave a lasting mark.

Conclusion

Life income gifts offer a powerful way to blend retirement planning with philanthropy. These gifts provide retirees with a reliable income stream while also creating a lasting legacy for the causes they care about. For middle-income individuals, life income gifts are an accessible and valuable tool, proving that you don't have to be ultra-wealthy to make a meaningful charitable contribution.

As you plan for your retirement, consider how a life income gift can help you secure your financial future and create a lasting impact. By giving back to the causes that matter most to you, you can leave a legacy that reflects your values while also ensuring financial

security for yourself.

About the authors: Akadius Berry and Dave Libengood

Akadius oversees TIAA Kaspick's marketing, analytics, and client communications teams. Before joining TIAA Kaspick in 2023, he was Head of Global Demand Marketing at General Electric Digital. Akadius' experience includes marketing roles with Charter Communications, Corning, Inc., Time Warner Cable, Toshiba, IBM, JPMorgan Chase & Company, and FedEx. He received his MBA from Tennessee State University and BBA from Howard University. Akadius has served as board chair and trustee for several nonprofits and organizations, including serving as a commissioner for the Charlotte-Mecklenburg Historic Landmarks Commission.

Dave oversees TIAA Kaspick's relationship management, planned gift technical consulting, and new client transitions teams. Prior to joining TIAA Kaspick in 2001, he was responsible for gift planning, trust and bequest administration, and the investment of life income gifts at The First Church of Christ, Scientist. Dave has fulfilled a number of leadership roles in service to the profession including Vice President, Governance and Secretary of the American Council on Gift Annuities (ACGA), chair of the ACGA's Rates Committee, and President of the Planned Giving Group of New England. Dave graduated with high honors from the American Bankers Association's National Graduate Trust School. He holds an MBA with distinction and a Bachelor's of Music Performance degree from The University of Michigan.
