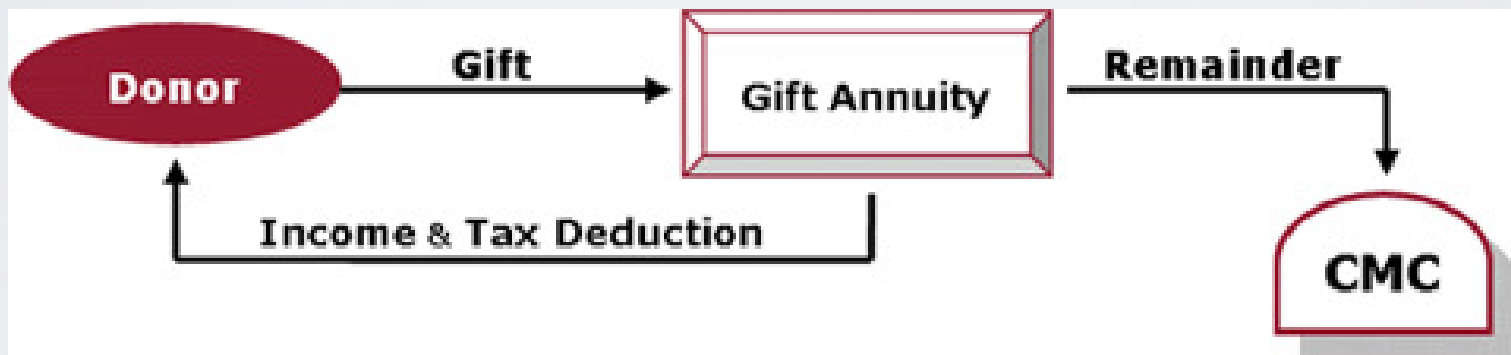


Charitable gift annuities

Investment Forum
October 5 2011



DO YOUR OWN DUE DILIGENCE BEFORE INVESTING

Source of some of THE material I used



AMERICAN COUNCIL ON GIFT ANNUITIES

Promoting Responsible Philanthropy

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AMERICAN COUNCIL ON GIFT ANNUITIES

Promoting Responsible Philanthropy

Gift Annuity Rates

State Regulations

SPOTLIGHT

- ★ ACGA Rates Committee Statement - August 2011
- ★ Promoting Responsible Philanthropy
- ★ Current Rates for October
- ★ I Left my Heart in San Francisco
- ★ Meet Me at the Clock

JOIN US ON FACEBOOK

ACGA Mission Statement

The American Council on Gift Annuities actively promotes responsible philanthropy through actuarially sound gift annuity rate recommendations, quality training opportunities, and the advocacy of appropriate consumer protection.

Partial Rates Report and Rate Tables (July 1, 2011 - June 30, 2012)

The information below is an excerpt from the full rates report and rate tables available to our sponsors at no charge. [Click here](#) for more information about your options for obtaining a full rates report.

[Read more...](#)

30th ACGA Conference... A conference on planned giving

SAVE THE DATE!!
30th ACGA Conference... A conference on planned giving
On Track for Tomorrow
April 18 -20, 2012
Westin St. Francis (Union Square)



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CGA: What is it?

In existence since 1831, the Charitable Gift Annuity (CGA) is considered the most popular form of a life-income gift.

A charitable gift annuity is a contract (not a "trust"), under which a charity, in return for a transfer of cash, marketable securities or other assets, agrees to pay a fixed amount of money to one or two individuals, for their lifetime.

(From American Council on Gift Annuities web site)

CGA: What It is

- A person who receives payments is called an "annuitant" or "beneficiary."
- The payments are fixed and unchanged for the term of the contract.
- A portion of the payments are considered to be a partial tax-free return of the donor's gift, which are spread in equal payments over the life expectancy of the annuitant(s).

CGA: What It is

- The contributed property (the gift), given irrevocably, becomes a part of the charity's assets, and the payments are a general obligation of the charity.
- The annuity is backed by the charity's entire assets, not just by the property contributed.
- Annuity payments continue for the life/lives of the annuitant(s) no matter what the investment experience of the gift annuity fund.

CGA: who offers Them?

- Educational organizations
- Church foundations
- Health care organizations
- Community foundations
- Social service organization
- Alzheimer's Association
- American Humane Society
- ACLU Foundation
- AARP
- Green Peace
- Naval Academy
- Red Cross

CGA: What's available?

- Single life – paid to one annuitant
- Two lives – paid to one, then other on death of first
- Joint survivor- paid to two person simultaneously
- Immediate Gift Annuity
- Deferred Gift Annuity
- Deferred Payment (Flexible) Annuity

Why CGA might be of interest:

- Pretty good income source

Attractive income rates

Example: Single life

(from ACGA web site)

http://www.acga-web.org/index.php?option=com_content&view=article&id=177:partial-rates-report-july-1-2011-june-30-2012&catid=64&Itemid=133

Age	Rate	Age	Rate
57	4.6	74	6.3
58-59	4.7	75	6.5
60	4.8	76	6.6
61	4.9	77	6.8
62	5.0	78	7.0
63	5.1	79	7.3
64	5.2	80	7.5
65	5.3	81	7.7
66	5.4	82	7.8
67	5.5	83	8.0
68	5.6	84	8.2
69	5.7	85	8.4
70	5.8	86	8.6
71	5.9	87	8.9
72	6.0	88	9.2
73	6.2	89	9.5
		90+	9.8

Actual College example:

Selected
Annuity
Rates

Age 65: **Call Us**

Age 70: **8.0%**

Age 75: **8.8%**

Age 80: **10.2%**

Age 85: **11.7%**

Age 90: **13.2%**

Examples:

ACGA Rates

Yrs to end of life (EOL) , 2001 census data

For 200 shares of stock, \$50/share (\$10K)

Age	Std Rate	\$/yr	Yrs to EOL	Total pmts
60	4.8	480	21.54	10,339
65	5.3	530	18.5	9,805
70	5.8	580	14.27	8,276
75	6.5	660	11.22	7,630
80	7.5	750	8.42	6,315
85	8.4	840	6.22	5,225

Tax credits not calculated; dependent on age, rate, cap gains avoided, etc.

TAXES

FORM 1099-R annual statement

Contract No.

Gross Distribution

Taxable amount

Capital gain

Non-taxable

Distribution code

Why CGA might be of interest:

Depends on you personal values – life style, legacy, financial, social, etc

- You pick return/start age
- Tax benefits
- No more asset withdrawal/depletion concerns
- No more security buy/sell/timing decisions
- No more estate tax worries
- No more protection of capital worries
- No more time horizon planning problems
- Money helps good cause(s)

CGA: Downsides

- Family or other heirs get less estate money
- Reduces reserves to draw down for long term care if you self insure
- Non-zero default risk/scams (have been a couple of defaults)
- Regulations vary (VA regulations minimal)
- Inflation risk
- Political/economy risk

DO your own due diligence

- ACGA is a good web site to learn more about CGAs:

http://www.acga-web.org/index.php?option=com_content&view=featured&Itemid=101

- ACGA web site has useful info for novice and experienced prospective donors:



A screenshot of the ACGA website navigation menu. The menu is a vertical list of blue buttons with white text. The top button is 'ABOUT GIFT ANNUITIES' and is highlighted with a dark blue background. To its right are two other buttons: 'CONFERENCE' and 'RES'. Below 'ABOUT GIFT ANNUITIES' are nine more buttons: 'WHAT IS A GIFT ANNUITY?', 'TYPES OF GIFT ANNUITIES', 'GIFT ANNUITY RATES', 'THE PHILOSOPHY OF GIFT ANNUITY AGREEMENTS', 'CONSIDERING A CGA PROGRAM?', 'GIFT ANNUITY BEST PRACTICES', 'THE FUNDAMENTALS OF A CGA PROGRAM', and 'SAMPLE GIFT ANNUITY DISCLOSURE STATEMENT'.

ABOUT GIFT ANNUITIES	CONFERENCE	RES
WHAT IS A GIFT ANNUITY?		
TYPES OF GIFT ANNUITIES		
GIFT ANNUITY RATES		
THE PHILOSOPHY OF GIFT ANNUITY AGREEMENTS		
CONSIDERING A CGA PROGRAM?		
GIFT ANNUITY BEST PRACTICES		
THE FUNDAMENTALS OF A CGA PROGRAM		
SAMPLE GIFT ANNUITY DISCLOSURE STATEMENT		

- Contact your charitable organization's web site for info about their specific CGA attributes and rates, and evaluate using ACGA criteria to assess risks
- Figure your tax deductions
- For time horizon estimates see

http://www.cdc.gov/nchs/data/nvsr/nvsr57/nvsr57_01.pdf