

# CHARITABLE GIFT ANNUITY RATES

## Recommended by the American Council on Gift Annuities (Effective January 1, 2012)

The American Council on Gift Annuities (ACGA) reviews charitable gift annuity rates annually, or at other times as necessary.

The ACGA attempts to balance Donors' desire for attractive annuity rates with Charities' desire to realize an attractive residuum. Over the years the rates recommended by the ACGA have achieved credibility with most state insurance departments. In general, if a charity does not exceed the recommended rates it will not be required to provide an actuarial justification for its rate schedule. The ACGA believes it is most prudent for charities to *follow the recommended rates*.

### Assumptions Underlying the Recommended Annuity Rates

**Target Residuum:** The new rate schedule retains the 50% target residuum (the amount left for charity upon termination of an annuity) and the additional requirement that the present value (PV) of the residuum be equal to or greater than 20% of the original gift value. Requiring a  $PV \geq 20\%$  has the effect of reducing rates for younger annuitants and is designed to help charities realize a minimum value from gifts whose residua will not be realized for many years. Rates for younger annuitants (ages 5 to 49) were also reduced to comply with the 10% minimum charitable deduction required under IRC Sec 514 (c)(5)(A) using the 1.4% CFMR for November 2011.

**Mortality:** All annuitants are assumed to be female and one year younger than their actual age. The suggested rates use the Annuity 2000 Mortality Tables. The rates also incorporate projections for increasing life expectancies (improvements in mortality) using a scale supplied by the ACGA actuary.

**Administrative & Investment Expense:** The combined cost of administration and investment management is equal to 100 basis points or 1.0% of the fair market value of gift annuity reserve fund.

**Payment Frequency:** Annual payments are made in quarterly installments at the end of each period.

**Investment Return:** The average annual total return on the gift annuity reserve fund is 4.25%. After expenses of 1% the net investment return is 3.25%.

### The Importance of an Actuarially-Sound Industry Standard

It is essential that charities operate their gift annuity programs so that they can fulfill commitments to annuitants and preserve a meaningful residuum for their charitable work. They are more likely to meet both objectives and minimize their risk if their gift annuity rates do not exceed the maximum rates suggested by the ACGA. It is also in the best interest of the charitable community if donors are encouraged to make decisions based on the charities they want to support rather than on which charities offer the highest rates.

## RECOMMENDED CHARITABLE GIFT ANNUITY RATES

### SINGLE LIFE

Age	Rate	Age	Rate	Age	Rate
1	2.0%	31	2.6%	61	4.4%
2	2.0%	32	2.6%	62	4.5%
3	2.0%	33	2.7%	63	4.5%
4	2.0%	34	2.7%	64	4.6%
5	2.0%	35	2.8%	65	4.7%
6	2.0%	36	2.8%	66	4.8%
7	2.0%	37	2.9%	67	4.8%
8	2.0%	38	2.9%	68	4.9%
9	2.0%	39	3.0%	69	5.0%
10	2.0%	40	3.0%	70	5.1%
11	2.1%	41	3.1%	71	5.3%
12	2.1%	42	3.1%	72	5.4%
13	2.1%	43	3.2%	73	5.5%
14	2.1%	44	3.3%	74	5.7%
15	2.1%	45	3.3%	75	5.8%
16	2.2%	46	3.4%	76	6.0%
17	2.2%	47	3.5%	77	6.2%
18	2.2%	48	3.6%	78	6.4%
19	2.2%	49	3.6%	79	6.6%
20	2.3%	50	3.7%	80	6.8%
21	2.3%	51	3.8%	81	7.0%
22	2.3%	52	3.8%	82	7.2%
23	2.3%	53	3.9%	83	7.4%
24	2.4%	54	3.9%	84	7.6%
25	2.4%	55	4.0%	85	7.8%
26	2.4%	56	4.1%	86	8.0%
27	2.5%	57	4.1%	87	8.2%
28	2.5%	58	4.2%	88	8.4%
29	2.5%	59	4.3%	89	8.7%
30	2.6%	60	4.4%	90 +	9.0%

**NOTES:**

1. The rates are for ages at the nearest birthday.
2. For immediate annuities, these rates will result in a charitable deduction of more than 10% if the CMFR is 4.0% or higher, whatever the payment frequency. If the CMFR is less than 4.0%, the deduction will be less than 10% when annuitants are below certain ages.
3. For deferred gift annuities with longer deferral periods, the rates may not pass the 10% test when the CMFR is low.
4. To avoid adverse tax consequences, the charity should reduce the gift annuity rate to whatever level is necessary to generate a charitable deduction in excess of 10%.

**RECOMMENDED CHARITABLE GIFT ANNUITY RATES**

**TWO LIVES**

Younger Age	Older Age	Rate
5	5-95+	1.8%
6	6-95+	1.8%
7	7-95+	1.8%
8	8-95+	1.8%
9	9-95+	1.8%
10	10-95+	1.8%
11	11-95+	1.9%
12	12-95+	1.9%
13	13-95+	1.9%
14	14-95+	1.9%
15	15-95+	1.9%
16	16-95+	2.0%
17	17-95+	2.0%
18	18-95+	2.0%
19	19-95+	2.0%
20	20-95+	2.1%
21	21-95+	2.1%
22	22-95+	2.1%
23	23-95+	2.1%
24	24-95+	2.1%
25	25-95+	2.2%
26	26-95+	2.2%
27	27-95+	2.2%
28	28-95+	2.2%
29	29-95+	2.3%
30	30-95+	2.3%
31	31-95+	2.3%
32	32-95+	2.3%
33	33-95+	2.4%
34	34-95+	2.4%
35	35-95+	2.4%
36	36-95+	2.5%
37	37-95+	2.5%
38	38-95+	2.5%
39	39-95+	2.6%
40	40-95+	2.6%
41	41-95+	2.7%
42	42-95+	2.7%
43	43-95+	2.8%
44	44-95+	2.8%
45	45-95+	2.9%
46	46-95+	2.9%
47	47-50	3.0%
47	51-95+	3.1%
48	48	3.0%
48	49-95+	3.1%
49	49-51	3.1%

Younger Age	Older Age	Rate
49	52-95+	3.2%
50	50	3.1%
50	51-53	3.2%
50	54-95+	3.3%
51	51-52	3.2%
51	53-55	3.3%
51	56-95+	3.4%
52	52-54	3.3%
52	55-95+	3.4%
53	53-55	3.4%
53	56-58	3.5%
53	59-95+	3.6%
54	54	3.4%
54	55-57	3.5%
54	58-95+	3.6%
55	55	3.5%
55	56-58	3.6%
55	59-61	3.7%
55	62-95+	3.8%
56	56-57	3.6%
56	58-59	3.7%
56	60-62	3.8%
56	63-95+	3.9%
57	57-58	3.7%
57	59-63	3.8%
57	64-95+	3.9%
58	58-61	3.8%
58	62-65	3.9%
58	66-95+	4.0%
59	59-60	3.8%
59	61-63	3.9%
59	64-68	4.0%
59	69-95+	4.1%
60	60-62	3.9%
60	63-66	4.0%
60	67-70	4.1%
60	71-95+	4.2%
61	61	3.9%
61	62-64	4.0%
61	65-68	4.1%
61	69-95+	4.2%
62	62-63	4.0%
62	64-66	4.1%
62	67-69	4.2%
62	70-95+	4.3%
63	63-64	4.1%
63	65-67	4.2%

Younger Age	Older Age	Rate
63	68-95+	4.3%
64	64-66	4.2%
64	67-70	4.3%
64	71-95+	4.4%
65	65	4.2%
65	66-68	4.3%
65	69-72	4.4%
65	73-95+	4.5%
66	66-67	4.3%
66	68-71	4.4%
66	72-75	4.5%
66	76-95+	4.6%
67	67-69	4.4%
67	70-73	4.5%
67	74-95+	4.6%
68	68	4.4%
68	69-71	4.5%
68	72-75	4.6%
68	76-95+	4.7%
69	69-70	4.5%
69	71-73	4.6%
69	74-76	4.7%
69	77-95+	4.8%
70	70-71	4.6%
70	72-74	4.7%
70	75-78	4.8%
70	79-95+	4.9%
71	71-73	4.7%
71	74-75	4.8%
71	76-79	4.9%
71	80-82	5.0%
71	83-95+	5.1%
72	72	4.7%
72	73-74	4.8%
72	75-76	4.9%
72	77-79	5.0%
72	80-83	5.1%
72	84-95+	5.2%
73	73	4.8%
73	74-75	4.9%
73	76-77	5.0%
73	78-80	5.1%
73	81-83	5.2%
73	84-95+	5.3%
74	74	4.9%
74	75-76	5.0%
74	77-78	5.1%

**RECOMMENDED CHARITABLE GIFT ANNUITY RATES**

**TWO LIVES (Continued)**

Younger Age	Older Age	Rate
74	79-80	5.2%
74	81-83	5.3%
74	84-87	5.4%
74	88-95+	5.5%
75	75	5.0%
75	78	5.2%
75	76-77	5.1%
75	79-81	5.3%
75	82-83	5.4%
75	84-86	5.5%
75	87-95+	5.6%
76	76-77	5.2%
76	78-79	5.3%
76	80-81	5.4%
76	82-83	5.5%
76	84-85	5.6%
76	86-88	5.7%
76	89-95+	5.8%
77	79	5.4%
77	77-78	5.3%
77	80-81	5.5%
77	82-83	5.6%
77	84-85	5.7%
77	86-87	5.8%
77	88-91	5.9%
77	92-95+	6.0%
78	78	5.4%
78	79	5.5%
78	84	5.8%
78	80-81	5.6%
78	82-83	5.7%
78	85-86	5.9%
78	87-89	6.0%
78	90-92	6.1%
78	93-95+	6.2%
79	81	5.7%
79	82	5.8%
79	79-80	5.6%
79	83-84	5.9%
79	85-86	6.0%
79	87-88	6.1%
79	89-90	6.2%
79	91-93	6.3%
79	94-95+	6.4%
80	80	5.7%
80	81	5.8%
80	82	5.9%

Younger Age	Older Age	Rate
80	85	6.1%
80	83-84	6.0%
80	86-87	6.2%
80	88-89	6.3%
80	90-91	6.4%
80	92-93	6.5%
80	94-95+	6.6%
81	81	5.9%
81	82	6.0%
81	83	6.1%
81	86	6.3%
81	89	6.5%
81	84-85	6.2%
81	87-88	6.4%
81	90-91	6.6%
81	92-94	6.7%
81	95+	6.8%
82	82	6.1%
82	83	6.2%
82	84	6.3%
82	87	6.5%
82	88	6.6%
82	91	6.8%
82	85-86	6.4%
82	89-90	6.7%
82	92-93	6.9%
82	94-95+	7.0%
83	83	6.3%
83	84	6.4%
83	85	6.5%
83	86	6.6%
83	87	6.7%
83	90	6.9%
83	91	7.0%
83	92-93	7.1%
83	94-95+	7.2%
84	84	6.5%
84	85	6.6%
84	86	6.7%
84	87	6.8%
84	88	6.9%
84	89	7.0%
84	90	7.1%
84	91	7.2%
84	92-93	7.3%
84	94-95+	7.4%
85	85	6.7%

Younger Age	Older Age	Rate
85	86	6.9%
85	87	7.0%
85	88	7.1%
85	89	7.2%
85	90	7.3%
85	91	7.4%
85	92	7.5%
85	93-95+	7.6%
86	86	7.0%
86	87	7.1%
86	88	7.3%
86	89	7.4%
86	90	7.5%
86	91	7.6%
86	92	7.7%
86	93-95+	7.8%
87	87	7.3%
87	88	7.4%
87	89	7.5%
87	90	7.7%
87	91	7.8%
87	92	7.9%
87	93-95+	8.0%
88	88	7.6%
88	89	7.7%
88	90	7.9%
88	91	8.0%
88	92	8.1%
88	93-95+	8.2%
89	89	7.9%
89	90	8.0%
89	91	8.2%
89	92	8.3%
89	93-95+	8.5%
90	90	8.2%
90	91	8.4%
90	92	8.5%
90	93	8.7%
90	94-95+	8.8%
91	91	8.6%
91	92	8.7%
91	93-95+	8.8%
92	92-95+	8.8%
93	93-95+	8.8%
94	94-95+	8.8%
95+	95+	8.8%