

ACGA Issues New Suggested Gift Annuity Rates

The Board of Directors of the American Council on Gift Annuities has approved a new schedule of suggested maximum gift annuity rates for gifts established on or after July 1, 2011.

In April, the Board of Directors of the American Council on Gift Annuities (ACGA) approved a new schedule of suggested maximum gift annuity rates for gifts established on or after July 1, 2011. The new schedule reflects (1) the Council's long-standing residuum target of 50%, with an additional requirement that the present value of the residuum be at least 20% of the gift amount; (2) the results of a recent study on charitable gift annuitant mortality conducted by the ACGA's actuarial consultants, the Hay Group, and (3) a more conservative investment return assumption. Generally speaking, the new rate schedule contains slightly lower rates for single-life annuities for ages 69 and younger, and slightly higher rates for single-life annuities at ages 75 and older. Similar changes apply to 2-life gift annuity rates. A copy of the one-life rate schedule is attached, and the schedules will appear on the ACGA web site as well.

A full explanation of the assumptions underlying the ACGA's new schedule will be published shortly in a paper entitled "Explanation of the ACGA Gift Annuity Rates Effective July 1, 2011." You will be able to find the paper on the ACGA web site at www.acga-web.org if you are a sponsor, or you will be able to order the rates paper on the web if you are not a sponsor. Please direct any questions to the ACGA at acga@acga-web.org or 770-874-3355.