

What portion of a Charitable Gift Annuity will ultimately support mission?

The annuity rates offered by the Foundation are those recommended by the American Council on Gift Annuities (ACGA). The ACGA uses a defined mortality table and a defined interest rate to arrive at the recommended maximum annuity rates. To learn more about the ACGA, visit its website at www.acga-web.org.

The annuity rates are based on assumptions that, on average, will result in one-half of the original gift amount remaining at the end of the lifetime of payments. The assumed average of one-half remaining includes scenarios ranging from less than zero to more than one-half actually remaining.

When the Foundation elects not to reinsure the annuity obligation, the portion of the original gift amount to be used for the purposes specified by the donor is unknown until the last surviving annuitant named in the gift annuity agreement has died. The portion remaining is referred to as the actual residuum and is used only at the end of the Foundation's annuity obligation.

When the Foundation elects to reinsure a gift annuity obligation it will immediately use the actuarial residuum, being the net present value of the assumed average remainder of one-half the original gift amount, as the ultimate amount for the charitable purposes specified by the donor.

What is net present value? It is the value today of an amount expected to be received at some time in the future, calculated using a particular interest rate. For example, if you invest \$1.00 today at 5% annual interest, in one year your investment will be valued at \$1.05. If you are to receive \$1.05 one year from today, its net present value is therefore \$1.00. The \$1.05 future value of the invested \$1.00 is discounted back to its present value of \$1.00 using the 5% interest rate and the one year period.

Applying this to a charitable gift annuity, if \$10,000 is given today to acquire a gift annuity for a single annuitant age 80, and \$5,000 is the assumed actual residuum, the net present value of that \$5,000 is \$2,858 [calculated using the life expectancy of the annuitant (13.44 years) and 4.25% as the annual interest (both being ACGA assumptions)]. Thus, as shown in the following table, 28.58% of the original gift amount will immediately be used for the charitable purposes specified by the donor.

The following table can be used to find the portion of a gift that will be immediately used for the charitable purpose specified by a donor when the Foundation reinsures the annuity payment obligation. This table only reflects the actuarial residuum, expressed as a percentage of the original gift amount, for a charitable gift annuity paying one person. For other actuarial residuum amounts, please see other tables or contact Pat Ohlmann at 502-569-5957.



Residuum factors effective January 2012 and subject to change. For additional information, call Pat Ohlmann at 800-858-6127, option 2 or email jpo@fdn.pcusa.org

*Actuarial residuum charitable portion as a percentage of the original gift amount

Age	Life Expectancy	Charitable Portion*		Age	Life Expectancy	Charitable Portion*
65	26.23	16.78%		90	7.31	36.89%
66	25.31	17.44%		91	6.85	37.60%
67	24.39	18.12%		92	6.42	38.27%
68	23.48	18.82%		93	6.02	38.91%
69	22.58	19.54%		94	5.65	39.52%
70	21.69	20.28%		95	5.30	40.10%
71	20.80	21.04%		96	4.96	40.67%
72	19.92	21.82%		97	4.64	41.23%
73	19.06	22.62%		98	4.31	41.79%
74	18.20	23.44%		99	3.98	42.37%
75	17.37	24.27%		100	3.66	42.93%
76	16.54	25.12%		101	3.36	43.48%
77	15.74	25.97%		102	3.08	43.99%
78	14.95	26.84%		103	2.81	44.48%
79	14.19	27.70%		104	2.58	44.91%
80	13.44	28.58%		105	2.35	45.34%
81	12.72	29.45%		106	2.12	45.77%
82	12.02	30.32%		107	1.91	46.18%
83	11.34	31.19%		108	1.70	46.58%
84	10.68	32.06%		109	1.51	46.96%
85	10.05	32.91%		110	1.33	47.32%
86	9.45	33.75%		111	1.16	47.65%
87	8.87	34.57%		112	1.00	47.96%
88	8.32	35.37%		113	0.86	48.25%
89	7.80	36.15%		114	0.73	48.51%
				115	0.61	48.75%