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## acga announces new rates for charitable gift annuities

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*MSK Client Alert*

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*by David Wheeler Newman*

The American Council on Gift Annuities (ACGA) provides educational and other services to American charities regarding gift annuities and other forms of planned gifts. One of its primary activities is the publication of suggested charitable gift annuity rates for use by charities and their donors. ACGA retains the services of an actuarial firm on matters pertaining to life expectancies and related issues. ACGA rates have long been recognized, not only by charities and donors, but also by state insurance departments and the IRS as being actuarially sound and in the best interests of the parties involved. A recent ACGA research report found that over 97% of charities issuing gift annuities that responded to the survey use ACGA rates in their programs.

On May 5, ACGA announced that, at its April Board Meeting, the ACGA Board of Directors approved a new schedule of suggested maximum charitable gift annuity rates for gifts established on or after July 1, 2011. The new rates schedule is noteworthy as it results from significant research and analysis by and on behalf of the Council and reflects (1) ACGA'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) a recent study on charitable gift annuitant mortality conducted by ACGA's actuarial consultants, and (3) a more conservative investment return assumption. In general, the new rates schedule contains slightly lower rates for single-life charitable gift annuities for ages 69 and younger and slightly higher rates for annuitants ages 75 and older. Similar changes apply to two-life gift annuity rates.

ACGA has also announced that a full explanation of the assumptions underlying the new schedule of suggested maximum charitable gift annuity rates will be published shortly. You will be able to find the paper on the ACGA website (please link to [www.acga-web.org](http://www.acga-web.org)) sometime toward the end of May and thereafter. Visiting the website will also give you the opportunity to become a sponsor of ACGA, which is very inexpensive in comparison to sponsorship

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benefits.

Here is the new One-Life ACGA Rates Schedule:

Age	Rate	Age	Rate	Age	Rate	Age	Rate	Age	Rate	Age	Rate	Age	Rate
5	3.25	3.4	4.5	3.9	6.5	5.3	8.5	8.4	6	3.26	3.4	4.6	4
6	3.66	5.4	8.6	8.6	7	3.27	3.5	4.7	4	6.7	5.5	8.7	8.9
8	3.1	2.8	3.5	4.8	4.1	6.8	5.6	8.8	9.2	9	3.1	2.9	3.5
4.2	7.0	5.8	9.0+	9.8	11	3.1	3.1	3.6	5.1	4.2	7.1	5.9	12
3.1	3.2	3.6	5.2	4.3	7.2	6	13	3.2	3.3	3.6	5.3	4.3	7.3
6.2	14	3.2	3.4	3.6	5.4	4.4	7.4	6.3	15	3.2	3.5	3.6	5.5
4.4	4.4	4.4	7.5	6.5	16	3.2	3.6	3.7	5.6	4.5	7.6	6.6	17
3.2	3.2	3.7	3.7	5.7	4.6	7.7	6.8	18	3.3	3.8	3.7	5.8	4.7
7.8	7	19	3.3	3.9	3.7	5.9	4.7	7.9	7.3	20	3.3	4.0	3.8
6.0	4.8	8.0	7.5	21	3.3	4.1	3.8	6.1	4.9	8.1	7.7	22	3.3
4.2	3.8	6.2	5	8.2	7.8	23	3.4	4.3	3.9	6.3	5.1	8.3	8
2.4	3.4	4.4	3.9	6.4	5.2	8.4	8.2	24	3.4	4.4	3.9	6.4	5.2

If you have any questions about the new ACGA Rate Schedule or other charitable gift planning matters, feel free to contact any of the attorneys from our Charitable Sector Group.