



Charitable Gift Annuity Program

The San Diego Foundation (TSDF) has been licensed to issue Charitable Gift Annuities (CGAs) since 2003. There are 59 contracts and is over \$8.4 million in gifts in the annuity program, which is managed by U.S. Bank Charitable Services Group. All remaining annuity assets will come to TSDF to be distributed according to the wishes of the donors. Currently, over 50% of the annuity remainders will go directly to non-profits. The rest will go to an agency's endowment fund at TSDF or to a fund at TSDF created by the donor(s).

Description

A CGA is a contract between donor(s) and The San Diego Foundation, whereby The Foundation agrees to make payments for the life of one or two designated annuitants. After the lifetime(s) of the annuitant(s) the remaining assets come to The Foundation.

The CGA is an IRS approved gift vehicle. It is not an investment. It provides an income, partially tax-free, and a current income tax charitable deduction for the donor.

The Foundation recommends the donor consult their professional advisor on how this gift will financially impact them.

Responsibilities

The following policies and procedures are designed to enable TSDF to honor its financial commitments to the annuitants.

Policy

- TSDF offers immediate and deferred payment charitable gift annuities.
- CGAs may be funded with cash, publicly traded securities and real estate on a case-by-case basis.
- TSDF endorses the annuity rates recommended by the American Council on Gift Annuities (ACGA).
- The minimum age for donors contributing to an immediate or deferred CGA is 65.
- Deferred gift annuities are considered on a case-by-case basis.
- The minimum amount to establish an immediate or deferred CGA is \$25,000.
- The maximum amount to establish a CGA is \$150,000 per annuitant at TSDF.

- Annuity contracts over \$150,000 may be reinsured with a commercial insurance carrier that is regulated by California's Department of Insurance.*
- Nonprofits will also have the option of receiving the net present value of the future remainder based on annuitant's age and CGA contract amount; thus nonprofits would receive the net present value immediately. These contracts are reinsured through a commercial carrier that is regulated by California's Department of Insurance.*
- The maximum number of annuitants per CGA is two.
- The remainder assets will be placed according to the donor(s) instructions in the contract. The Foundation offers the CGA program to nonprofit organizations with the following provisions:
 - The Foundation will retain any required reserve balances when the annuity matures. These excess amounts will be used to cover remaining annuitants who live beyond life expectancy.
 - The excess reserve will remain at The San Diego Foundation in an endowment fund to carry out the donor's wishes.

Procedures

- Nonprofit organization will coordinate with the donor and Foundation Planned Giving staff (if desired) to discuss specifics of the CGA gift.
- The Foundation will provide to potential donors an accurate and complete description of a CGA.
- The Foundation will provide three payout rate options at 80%, 90%, and 100% of the ACGA rate; which may provide the option of a higher income tax deduction.
- The Foundation is responsible for:
 - Preparing and providing information about CGA's for donors.
 - Preparing illustrations showing the benefits of a CGA.
 - Preparing and sending to donors an estimated calculation of the tax results of their gift to a CGA.
 - Preparing and distributing copies of the executed CGA contract to the donor, trustee bank, Insurance Department of California, and The Foundation files.
 - Delivering to the trustee bank the assets along with a copy of the CGA contract and information regarding annuity payments to donors (name, address, social security number, telephone, birth date).
 - Having trustee bank provide annual tax info to annuitants.
- All CGA contracts will be signed by The Foundation President and CEO or his/her designee.

- TSDF's Planned Giving Staff is available to coordinate with Nonprofit Staff to discuss the specifics of a CGA with prospective donors.

* *Under review*

6/4/2009