



**GIANT, IMPORTANT DISCLAIMER: WE AREN'T GIVING LEGAL, TAX OR FINANCIAL ADVICE. PLEASE SEEK YOUR OWN COUNSEL FOR ANY DONATIONS. MANY OF THESE QUESTIONS ARE OPEN TO SOME INTERPRETATION, ARE GENERAL IN NATURE OR ARE UNIQUE TO A PARTICULAR JURISDICTION. ASSUME ALL ANSWERS ARE WRONG UNTIL YOU/YOUR DONOR CONFIRMS WITH HER/HIS ADVISOR.**

**Q & A from “Creative Year-End Charitable Gift Annuity Marketing Ideas”  
<Oct, 2023>**

<p><b>How likely is it that ACGA recommended payout rates will increase in the next few months? I believe those are based on intermediate term treasuries, which have been trending up (10 year broke above 5% yesterday)</b></p>	<p>The likelihood of an increase in ACGA recommended payout rates is tied to long-term interest rate trends, which do include movements in intermediate term treasury, and other factors such as general life expectancy. If these rates continue to rise, it may prompt a review and possible increase in recommended payout rates, reflecting the higher yields donors could obtain from alternative low-risk investments.</p>
<p><b>What do you say to a younger donor (gen X) who asks, "Why should I do a deferred CGA? The risk is too high. What if I die before I start taking payments?"</b></p>	<p>For a younger donor concerned about the risk associated with a deferred CGA, you could highlight the benefits of higher income rates later in life, tax deductions, and the potential for part of the income to be tax-free. You might also discuss the security of fixed payments and how a deferred CGA fits into their broader financial and philanthropic goals.</p>
<p><b>I'm not seeing the messaging phrases. Is there another chart?</b></p>	<p>Sorry, you should be able to see them in the pre-recorded presentation.</p>



<p><b>Once you've "hooked" someone using these different terms (rather than "CGA"), at what point do you think it's then ok to tell them it's a CGA?</b></p>	<p>Once initial interest is piqued using alternative terms, it's appropriate to introduce the concept of a CGA early in the conversation. Transparency is key, and it's essential to clarify that the unique benefits they're interested in are provided through a CGA.</p>
<p><b>Can a CGA established with a QCD benefit a DAF?</b></p>	<p>Sorry - The legislation prohibits a DAF from being the beneficiary of a QCD funded CGA. A Charitable Gift Annuity (CGA) established with a Qualified Charitable Distribution (QCD) cannot directly benefit a Donor-Advised Fund (DAF) due to legal restrictions.</p>
<p><b>This is so helpful! Are we expecting a change in ACGA rates Jan. 1?</b></p>	<p>The likelihood of an increase in ACGA recommended payout rates is tied to long-term interest rate trends, which do include movements in intermediate term treasuries. If these rates continue to rise, it may prompt a review and possible increase in recommended payout rates, reflecting the higher yields donors could obtain from alternative low-risk investments. Changes to ACGA rates are typically announced in advance, so it's advisable to monitor ACGA communications towards the end of the year for any updates on rate adjustments effective January 1.</p>
<p><b>Re. the IRA to CGA option. Can an annuitant decline a payment from the CGA funded by an IRA QCD, or do they HAVE to take it every year, under the new law?</b></p>	<p>Under the new law, once payments from a CGA begin, they generally must continue annually without the option to decline, as the CGA is a contractual agreement to provide a fixed income. They could terminate the contract during their lifetime, but no charitable income tax deduction is allowed.</p>
<p><b>Will we get a copy of the slide deck from this webinar?</b></p>	<p>We've had some attribution issues in the past, so we make a recording of the webinar available, but not the slides themselves.</p>

<p><b>It seems like the avoidance of capital gains taxes would be a key motivator. If one has an IRA and wants to cash it in, they will be taxed, correct? But if they use an IRA to set up a CGA, they avoid these taxes? Is that correct?</b></p>	<p>Using an IRA to fund a CGA can provide tax benefits. While direct withdrawals from an IRA are taxable, using IRA funds for a CGA may offer tax advantages, such as spreading out the taxable ordinary income over several years.</p>
<p><b>I like your suggestion to use the term "gift that pays you income." How would you recommend communicating this in a face-to-face conversation with a donor?</b></p>	<p>When discussing face-to-face, it's beneficial to focus on the mutual benefits: the donor supports a cause they care about while receiving a steady stream of income, which can be positioned as a win-win scenario. Secondly, ask them if they value their social security or pension from their former employer and if they are interested in making a gift that increases their quarterly income.</p>
<p><b>But it could go to a directed or field of interest fund with a CF, Correct?</b></p>	<p>Generally, a Community Foundation (CF) is likely structured as a public charity, and therefore a QCD, or QCD-CGA is possible. Some CFs are supporting orgs, and that might not work, and it certainly won't work to make a gift to a DAF sponsored by the CF.</p>
<p><b>Can you take an existing program and switch over to NGAF? We are finalizing registration in all 50 except HI in the next 12 months and have about 36 CGAs with about \$1M size program. How would we switch if we can?</b></p>	<p>To transition to an NGAF, it involves due diligence on the current program's compatibility with NGAF and possibly legal counsel to ensure compliance with regulations. Communication with NGAF for guidance is also advised.</p>
<p><b>How do you handle when donors outlive their annuities from a marketing aspect? Or when they are close to outliving?</b></p>	<p>If donors outlive their annuities, the nonprofit must continue payments as obligated. It's part of the risk assessment when setting up a CGA. Good actuarial calculations help mitigate this risk.</p>
<p><b>How many charities in California do not possess a CGA program?</b></p>	<p>Probably 99.9%. You can see or request a list of all CA charities with a CGA permit from the Department of Insurance.</p>
<p><b>Will you email the recording link to all registrants, or do we need to request it?</b></p>	<p>It will be emailed to everyone!</p>

<p><b>Who does the money management for NGAF, what is the general portfolio allocation and what kind of performance have you had over the past 5, 10, 20 years?</b></p>	<p>We manage everything at Schwab in an ETF portfolio that matches the ACGA model allocation – 40% equity, 55% fixed, 5% cash. We have a Fact Sheet with this data you may request.</p>
<p><b>Another question - how does the NGAF monetize the RE and Business Interest assets?</b></p>	<p>The Dechmoma Foundation assesses a fee for the management and liquidation of the asset. The fee schedule is on our website. We also have a <a href="#">real estate case study on NGAF's website</a> that describes how the net proceeds from the sale of real estate set the long-term CGA payout.</p>
<p><b>We do our own CGAs, but could we use your services for CGAs funded with illiquid assets only?</b></p>	<p>Absolutely! Please call us to set a time to discuss how we can complement your existing CGA strategy.</p>
<p><b>Are there any / many types of illiquid assets which NGAF will not accept for a CGA?</b></p>	<p>Tangible personal property could be a challenge. Any any asset with little prospects for liquid could be a challenge, unless the donor is will to consider a deferred CGA.</p>
<p><b>How do you market the benefits of the QCD funded CGA?</b></p>	<p>We did a full webinar on this topic so you can see that under <a href="http://www.charitablesolutionsllc.com">www.charitablesolutionsllc.com</a> Resources/Webinars. But the main audience is 70.5, nonitemizer, who doesn't need the full income now, but wants to get credit against RMD. We are finding that even if the donor doesn't do a legacy QCD, they often do a traditional CGA after learning how they work. Advisors are now being forced to learn about CGAs because clients are asking so it is kind of like a national CGA "teachable moment."</p>
<p><b>Is the QCD/CGA only available for immediate CGA or can it be used with a Deferred or Flexible Deferred CGA?</b></p>	<p>For a QCD/CGA the rules state that annuity payments must commence within a year. So Deferred CGAs are not allowed.</p>
<p><b>Bryan, I agree. FWIW, we did a bunch of QCD CGAs at the University of Illinois Foundation when I was there, but there was multiple of that for other donors who saw the details of a QCD CGA and said "no thanks" or "how about a cash CGA."</b></p>	<p>Agreed thanks for your input!</p>

<p><b>How do I set up the widget on my website?</b></p>	<p>Two options, you can pay us \$10K OR just request it for free from Paul. :-) We will send out the request link with materials early next week.</p> <p>Here is the iFrame code</p> <pre>&lt;script type='text/javascript' async='true' src='https://app.ontraport.com/js/ontraport/opt_assets/drivers/opf.js' data-opf-uid='p2c228893f65' data-opf-params='borderColor=#fff&amp;borderSize=5px&amp;embed=true&amp;formHeight=1407&amp;formWidth=480px&amp;popPosition=mc&amp;instance=n881643608'&gt;&lt;/script&gt;</pre>
<p><b>I couldn't find the webinar you referenced on your site re. the QCD funded CGA marketing. Is there a link to it you could share?</b></p>	<p>See Santa Delivers Secure 2.0 - January 2023</p>
<p><b>Do you have any tips about marketing CGAs to multicultural donors? Do you think we should focus primarily on age, or are there approaches that would appeal more to certain cultures?</b></p>	<p>Marketing CGAs to multicultural donors may involve understanding and respecting cultural nuances, including attitudes towards charity and finance. While age can be a primary focus, tailored approaches considering cultural values may enhance engagement</p>
<p><b>I'm interested in promoting CGAs in our small rural communities. How could we get started if we want to use NGAF as our primary way of handling this? Would we create an MOU that I'd have to get approved by my board, when I find folks who are interested have them get on a call with both parties, or...? Need to make sure we can work through this before we start trying to promote it.</b></p>	<p>Just reach out - we require zero contracts with the charity. We are "hired" based on a referral and "fired" if you don't refer. To promote CGAs with NGAF in rural areas, reach out directly for guidance, as no formal contract is required, allowing for flexible and adaptable promotional efforts.</p>