



National Christian FOUNDATION®

CHARITABLE GIFT ANNUITY ADMINISTRATIVE SERVICES—FREQUENTLY ASKED QUESTIONS

Q. What payout rates does National Christian Foundation (NCF) offer?

A. NCF uses the American Council on Gift Annuity (ACGA) recommended rates or lower with complex gifts.

Q. What is the ACGA and how do they determine the rates?

A. The ACGA is a national organization of charities that has been in existence since 1927. Their rates have been calculated so as to provide attractive payments to the donor and/or other annuitant(s) and also to result in an estimated 50% of the contribution remaining for the charity at the end of the donor/annuitant(s) life expectancy. Because a charitable gift is involved, the rates are lower than those available through commercial annuities offered by insurance companies and other financial institutions. For further information on ACGA, their purpose and how they determine rates, please visit their website at www.acga-web.org

Q. Does NCF issue CGAs in all 50 states?

A. We currently offer CGAs in all states except Hawaii and New York.

Q. Will our donors' CGAs be safe with NCF?

A. The annuity payments are a general obligation of NCF, and they are backed by all of our assets. At 12/31/2019 our total invested funds exceeded \$2.63 billion, and they are invested in publicly traded stocks, mutual funds, commercial and government bonds and money market funds. If NCF should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of NCF. NCF was established in 1982. Responsibility for governing the organization is vested in a Board of Directors comprised of nine persons who are selected for their Christian commitment, integrity, business and financial acumen. Those individuals are Terry Parker, Jay Bennett, Phil Drake, Katherine Barnhart, Jesse Correll, Bob Doll, James B. McCabe, Lloyd Bentsen, and Kendra VanderMeulen. Common investment funds managed by our organization are exempt from registration requirements of the federal securities laws, pursuant to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P.L. 104-62). Information in this disclosure is provided to you in accordance with the requirements of that Act. **Additional financial information, including our most recent audited financial statement is available upon request.**

Q. Does NCF typically re-insure its annuities?

A. NCF reserves the right to consider reinsurance of each CGA it has issued.

Q. What effect does the re-insurance have?

A. The present value of the future remainder is available to the ministry upfront. Additionally, NCF's liability is mitigated and risk reduced by reinsuring (purchasing a commercial annuity) the annuity payments for the life of the annuitant.

Q. How soon after funding the CGA will the present value of the future remainder be available?

A. NCF re-insures CGAs on a quarterly basis. The present value of the future remainder is placed in your ministry's NCF Fund by the 7th of January, April, July, or October.

Q. How do you calculate the present value of the future remainder?

A. ACGA payout rates are calculated assuming an estimated 50% remainder. This 50% remainder amount is discounted back at the rate of return assumed (4.75%).

Q. What kind of contact does NCF have with our donor?

- A. NCF has 4 occasions for correspondence with your donor;
1. We initially respond to the donor's application for a charitable gift annuity with a detailed cover letter summarizing the CGA; enclosures are:
 - The cover letter
 - the CGA contract
 - a receipt for tax purposes
 - the corresponding PG Calc illustration

2. Each annuity payment is sent with a cover letter from NCF, with reference to the ministry. You may also provide NCF with a letter/newsletter to enclose with the annuity payment.
3. IRS Form 1099-Rs are sent on an annual basis (by the end of each January), also with a cover letter of explanation.
4. Every year, on their birthday, your donor will receive a birthday call.

Q. What to do when a donor is ready to proceed with a CGA?

- A. You provide the donor with an educational illustration of how a CGA would look for them, and supply them with the NCF CGA Application and Disclosure Form (NCF emails this form to you), assist them with any questions and/or in the completion of the Application, then forward it (or have them forward it) and their contribution funding the CGA to NCF for processing.

Q. Can the donor make the check payable to our ministry?

- A. No, the check must be made payable to “National Christian Charitable Foundation, Inc.” or our d/b/a name of “National Christian Foundation”, in order for us to issue the receipt and enter into the CGA contract with them. They may write the name of your ministry in the check’s memo line (i.e. CGA for XYZ Ministry).

Q. Can the donor mail the check to fund the gift annuity to our ministry?

- A. Yes, you may choose to instruct the donor to mail the check to your ministry. However, since you are not an agent of NCF, the gift is not made until there is a postmark on the envelope addressed to NCF with the check and application enclosed.

Q. What if the donor wishes to gift securities (unrestricted publicly traded)?

- A. Contact George A. Duffin, NCF’s Director of CGA Services for transfer instructions.

Q. Are there any benefits to funding a CGA with securities?

- A. If the CGA is funded with appreciated securities, the Capital Gain tax is spread out over the annuitant’s life expectancy, if the securities were gifted by the annuitant. If the CGA was funded by someone different than the annuitant, the one funding the CGA pays the Capital Gain tax for the tax year the annuity is funded. Of course, if the cost basis is more than the value of the stock, it would be better to sell the stock and use the net proceeds to fund the CGA.

Q. Who owns the CGA contract and thus is liable for the annuity payments?

- A. It is important for ministries to know that the contract is owned by National Christian Charitable Foundation, Inc. and that NCF is responsible for fulfilling the terms of the contract. The contract is not owned by your ministry, and therefore there is no liability associated with the contract that accrues to your ministry.

Q. What is the minimum age to establish a CGA?

- A. Immediate, deferred or flexible gift annuities are offered to annuitants that are at least 50 years old. Annuitants under the age of 50 may establish only a deferred or flexible gift annuity with payments beginning when they reach at least the age of 50. In a two-life annuity, the younger of the two annuitants must meet the minimum age requirement before any annuity payments can be issued.

Q. Can a person fund a CGA for the benefit of another person?

- A. A person may fund a CGA for the benefit of another person as long as the person receiving the annuity payments (not the donor) meet the minimum age requirement. The person funding the annuity receives the current income tax deduction from the CGA.

Q. What is the minimum amount to fund a CGA?

- A. The minimum amount NCF requires to fund a CGA is \$10,000.

Q. Can an annuitant receive their CGA payments monthly?

- A. We do not offer monthly CGA payments. The payments may be annual (every December 31st), semiannual (every June 30th and December 31st), or quarterly (every March 31st, June 30th, September 30th, and December 31st).