

**SUMMARY OF QUESTIONS and ANSWERS POSED  
AT THE  
TESTAMENTARY-CGA WEBINARS  
SPONSORED BY NATIONAL GIFT ANNUITY FOUNDATION  
AUGUST 25<sup>th</sup> and 27<sup>th</sup>**

*We were overwhelmed by the number of attendees who participated in the two Webinars on T-CGAs presented last week by Johnne Syverson and Bryan Clontz on behalf of Charitable Solutions, LLC and National Gift Annuity Foundation. There were a total of 660 attendees between the two sessions, and it seemed as though there were almost as many Questions that came in through the Chat and Q&A functions on our Zoom Webinars. After sorting through all the questions we found a few common themes and have summarized those themes below for you.*

**Q.1** By far the most commonly asked question revolved around the concern that the annuitant named by the IRA donor in the T-CGA may be **too young** at the donor's death to have a T-CGA begin annuity payouts immediately (which is absolutely true!). They may be too young to even qualify for a CGA such as a 21 year-old grandchild. And more common is the practice with most nonprofits that they impose a minimum age for issuing CGAs, e.g., age 55, 60 or 65.

**A.1.** The solution for the "young annuitant" problem is to include language in the T-CGA Agreement which spells out what happens when an IRA donor dies naming younger annuitants as income beneficiaries of the CGA. This involves including contingent Deferred CGA language in the T-CGA Agreement which spells out the minimum age at which the annuity payments would commence for the annuitant, e.g., 55, 60 or 65.

**Q.2.** Another common question revolves around **exactly when** the issuing nonprofit is **obligated to begin making annuity payments** to the annuitant(s) after the death of the IRA donor. Is it the Date of Death for the donor, or is it when the nonprofit actually receives the funds from the IRA Custodian who held the IRA account?

**A.2.** At NGAF we believe the obligation for annuity payments begins at the donor's Date of Death, and the AFR and ACGA rates in effect on that date will dictate which rates to use. We realize there may be some lag time between Date of Death and actual receipt of the funds from the IRA Custodian, but NGAF is equipped to begin making payments to the annuitant(s) immediately upon death of the donor, unless of course it turns out to be a Deferred CGA per Question #1 above. Another best practice is to provide for annual end-of-period payouts so there is a full year to collect funds.

**Q.3.** How is the **IRA Custodian made aware** of the T-CGA arrangement?

**A.3.** The simple answer is by having the IRA donor change the Beneficiary Designation on their IRA account to name the charity they have named to issue the T-CGA at their death, subject to the T-CGA Agreement. But to do that that charity and the donor need to execute a T-CGA Agreement that will then govern the T-CGA's operation at the donor's eventual passing. We have used Larry Katzentstein's model IRA Beneficiary Designation form which can be found at Stelter.com. This Designation form allows for various nuances and will normally be attached to the IRA Custodian's normal Beneficiary Designation Form due to its length and the lack of space normally offered on the Custodian's stock form.

**Q.4.** What **state** should the charity issuing the T-CGA be registered in for offering CGAs, the state of the donor's residence at the time the T-CGA Agreement is executed, or the state of the Annuitant at the time of the IRA donor's death?

**Q.4.** We strongly believe the charity should be registered to offer CGAs in the state of the IRA donor's residence at the time the T-CGA Agreement is executed.

**Q.5.** What happens if the **Annuitant dies before the IRA Donor** or before the younger Annuitant reached the minimum age for commencing annuity payments under a Deferred T-CGA?

**A.5.** In either case, with a T-CGA issued by NGAF, we immediately pass the IRA death proceeds received by NGAF through to the charity(s) named in the T-CGA Agreement as the Remainder Beneficiary.

**Q.6.** A somewhat related question to #5. was, what happens if the **charity** named as the Remainder Beneficiary **goes out of existence** by the time the Annuitant eventually passes away?

**A.6.** If NGAF had issued the T-CGA, in that event we would pass the residuum of the T-CGA through to another charity whose mission is similar to the original charity named in the Agreement or to an additionally named charity(ies).

*If you have other question relating to the T-CGA concept or any other aspect of NGAF's Third Party CGA Solution Program, please send those questions via email to:*  
[Johnne@nationalgiftannuity.org](mailto:Johnne@nationalgiftannuity.org).



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