



INTO THE GREAT BEYOND: ONGOING CGA COMPLIANCE OUTSIDE OF ANNUAL FILINGS

Timely submission of the required annual filing is generally what springs to mind when thinking about ongoing charitable gift annuity (CGA) compliance in states that regulate issuance of gift annuities. However, besides the annual filings themselves, there are a number of additional factors a charity should monitor.

Items to Monitor/Actions to Take

New Legal Name

- For any state in which the charity received a permit/certificate of exemption, request reissuance in the new name.
- For states where only a notification was required to be submitted, advise the state of the name change.
- Submit revised forms of annuity agreements for review/approval in states where such forms are filed. Some states will also require an endorsement be sent to each active donor advising them of the name change.

Annuity Agreement Forms

- Submit to applicable states for review/approval when:
 - ✓ adding new agreement variations (e.g. to accept a QCD for a gift annuity).
 - ✓ revising fixed text content of variations previously submitted.
 - ✓ adopting new agreement forms (e.g. switching from your own agreements to those contained in PG Calc's software).

New Address

- Submit revised forms of annuity agreements for review/approval in states where such forms are filed. Some states will also require an endorsement be sent to each active donor advising them of the address change.

Gift Annuity Rates

- If your organization uses ACGA rates insurance departments presume new schedules are adopted as of the stated effective date, in which case there is no need to file the rate schedule with the state (on some annual reports you would note the adoption of the new schedule). If adopting the rates earlier or later than the effective date you need to notify applicable states of your effective date.
- If a change is made to a non-ACGA rate schedule the new schedule needs to be filed with the state.

Change in Financial Institution

- While some states ask, on the annual report form, for the name of the custodian of the assets, it is California where a change in financial institution requires additional steps. The trust or custodial agreement between the charity and the financial institution holding its California reserve fund is submitted and reviewed by California as part of the initial registration. Should there be a change in financial institution, a copy of the trust/custodial agreement with the new institution must be submitted to the Department of Insurance for review and approval.

Unrestricted Assets (Unrelated to Gift annuity Assets)

- Numerous states have a minimum asset requirement (separate from assets held in a gift annuity account), which a charity must meet at any time it issues an annuity in the state. While most of these states do not call for an annual filing, issuing while having insufficient assets could subject the charity to penalties and may also remove the exemption from insurance regulation that the statute provides.
- For states with an annual filing, a charity's financial condition will be monitored via submission of the most current audited financial statement and/or by responses to limited questions about overall assets as part of the detailed annual reporting. This is particularly true of Hawaii and Washington, the two more highly regulated states that have specific minimum asset requirements.

In-State Agent

- When registering in California, a charity must designate an in-state agent for service of process. Any change in agent or in the agent's address must be communicated to the state.
- When registering in Alabama and Washington, the charity appoints the state agency as its agent for service of process and then indicates to whom the agency should forward the documents. If that individual has changed, the state should be advised.

Gift Annuity Account(s)

- A number of the states requiring a gift annuity account (held separate from other assets of the organization) also require a detailed annual report on that fund as of a fixed point in time (either fiscal year end or calendar year end). However, the need to hold adequate reserves is ongoing throughout the year. A charity should monitor its reserve level in relation to its reserve requirement periodically, and especially prior to the reporting period end date, so that it can make adjustments as needed to ensure that the reserve fund is sufficient.

If your organization wants the peace of mind knowing your charitable gift annuity state annual filings are done right and on time, talk to PG Calc about how our Gift Annuity Services can help with all of your compliance headaches, so you can spend more time with donors.