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The FASB liability is the amount needed to finance the future payment obligations of a planned gift, such as a gift annuity or a charitable remainder trust.

The FASB liability is computed according to standards described in FASB Statement 116 issued by the Financial Accounting Standards Board. It is based on the remaining term of the gift, its payout rate, and an agreed upon interest rate by which to discount future payments. Every charity must include in its annual financial statement its liability for each life income gift that it has in force.

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