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We frequently receive calls from our clients asking how to determine the date-of-death value for a charitable gift annuity (CGA). The value of a gift annuity upon the death of an annuitant seems to be an area of particular confusion.

Frequently, the question about the value is actually coming from the executor or administrator of the estate of the deceased donor, and the person making the inquiry is unfamiliar with CGAs. The main point to remember is that, *for the decedent and the decedent's estate, a charitable gift annuity does not have a date-of-death value in the same way that a commercial annuity does.*

Here are examples of the three types of situations we encounter most often.

1. A CGA is a one-life gift arrangement and the annuitant dies. For the estate of the decedent – the donor who is also the annuitant* – the charity and / or the administrator should not calculate any kind of value as of the date of death. The estate has to record the amount of the original gift (total funding amount) and the amount of the charitable income tax deduction, but for the estate, the value of the annuity at the annuitant's death is ZERO.
2. If the CGA is a two-life gift arrangement, and first annuitant dies, there is a value to be computed for that annuitant's estate; it is the value of the remaining life interest for the *second* annuitant. As with the example above, the annuitant's estate also has to record the original principal funding amount and the charitable income tax deduction associated with that gift.
3. If the CGA is a two-life gift arrangement, the first annuitant death has already occurred, and now the second annuitant dies, there is *no value to be computed*. As in the examples above, the donor's estate must record the principal funding value and the charitable deduction for the original gift, but the gift annuity arrangement terminates at this point and there is nothing left for the donors or for their family. The value of the remainder is distributed to the charity.

*Note – we are assuming the donors are the annuitants in these examples. If the donors are not the annuitants, the process can be a little more complicated, and you should contact us directly for assistance.

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