PROPOSAL: Registration to Issue “Charitable Gift Annuities” in the State of Florida

Background

Western Michigan University recently entered into an agreement to establish a Charitable Gift Annuity (CGA) with a Florida resident in the amount of $613,000. The issuance of CGAs is managed differently throughout the country, with the degree of regulation varying from state to state. Florida state regulations require notification at the Office of Insurance Regulation, a segregated reserve fund, and annual reporting to become a qualifying issuer of CGA agreements.

The Office of Gift Planning was reestablished in May 2022, bringing specialized expertise and leadership to all aspects of WMU’s estate, trust, and gift planning program. The office is strategically focused on the promotion of tax efficient gift techniques and the use of non-cash assets to drive higher level philanthropic investments.

A common gift planning tool described in Western Michigan University Foundation’s Gift Acceptance Policy, CGAs are an essential element of any mature gift planning program. Western Michigan University Foundation has established many CGAs over the years with assets held by Western Michigan University. This gift type is executed through a contract between a donor and WMU in which the donor makes a gift to the University in exchange for a fixed annual income for one or two people for the duration of their lives. The remainder is then allocated to a donor-designated area at WMU. Annuity rates are prescribed by the American Council on Gift Annuities, calculated to result in a 50% residuum to the charity, determined by the age of the donor. Historically, CGAs were funded with gifts of cash, appreciated securities, or real estate, however Secure 2.0 legislation allows IRA assets to be a source of funding for CGAs. This new legislation is driving renewed interest in this technique.

With many WMU Alumni residing in Florida, the majority of whom are of an age that would consider a CGA as a charitable option, having the authorization to issue CGAs in Florida would expand philanthropic options for other benefactors.

Recommended Action

It is requested the WMU Board of Trustees consent to register the University as a qualifying issuer of Charitable Gift Annuity agreements in the state of Florida.