

Instructions

for Completing the

**Annual Statement
of the Segregated Gift Annuity Fund**

for the State of New Jersey

General Instructions

One complete copy of the Annual Statement of the Segregated Gift Annuity Fund must be filed within one hundred twenty (120) days following the end of the reporting year.

The Annual Statement must be filed on a calendar year basis, unless the Commissioner has granted the Special Permit holder permission to file the statement on a fiscal year basis.

The Annual Statement must be filed whether annuities have been issued or not.

Special Permit holders may submit a computer print-out of the Statement pages or Schedules, however content may not be altered, and the print-out must agree exactly with the Statement pages or Schedules.

The name of the Special Permit holder must be printed at the top of all pages and schedules.

If no entries are to be made on a Schedule, write "None" across the Schedule and carry a "0" to the appropriate line.

A completed Annual Statement filing consists of: (1) the Annual Statement, (2) the most recent audited financial statement of the Special Permit holder or its parent organization and (3) a report identifying all annuities issued by the Special Permit holder. This report shall include, but not be limited to, name or identifying code for annuitant(s), age of annuitant(s), birthdate of annuitant(s), sex of annuitant(s), gift amount, gift date, annuity amount, mortality table, reserve percentage, reserve factor, reserve.

Email or mail the completed statement with all required attachments to:

June Duggan
Department of Banking and Insurance
Office of Solvency Regulation – 8th Floor

Mailing Address
P.O. Box 325
Trenton, NJ 08625-0325

Street Address
20 West State Street
Trenton, NJ 08625-0325

Questions regarding the statement can be addressed to:

June Duggan
Phone: (609) 292-5350 ext. 50326
E-Mail: june.duggan@dobi.state.nj.us
Fax: (609) 292-6765

JURAT

The jurat must be signed by at least two principal officers. All signatures must be original; photocopies are not acceptable.

Mailing Address:

Address where the Special Permit holder receives mail if other than the administrative office address.

Administrative Address:

Location of the main administrative office of the Special Permit holder.

Contact Person and Phone Number

E-mail address:

Person knowledgeable about the information contained in the Annual Statement. The phone number should include the area code and extension if applicable.

Officers, Directors or Trustees:

Show full names (initials not acceptable).

Registered Agent:

The Special Permit holder upon original registration or renewal with the New Jersey Department of Treasury designates a Registered Agent. The registered agent shall be an agent of the Special Permit holder, which has appointed the agent, upon whom process against the Special Permit holder may be served and who shall deliver to the Special Permit holder all process, notices or demands received by the registered agent as agent for the Special Permit holder.

Basis of Income Recognition: Cash or Accrual

If income recognition is on a cash basis, revenue is recorded in the period actually received. If income recognition is on an accrual basis, revenue is recorded in the period it is actually earned.

BALANCE SHEET

Assets must be segregated as separate and distinct funds, independent of all other funds of the special permit holder pursuant to N.J.S.A. 17B:17-13.1b:

- Line 1 – **Market value of bonds**
Should agree with the total of Schedule A, Column 6.
- Line 2 – **Market value of preferred stocks**
Should agree with the total of Schedule B, Column 6.
- Line 3 – **Market value of common stocks**
Should agree with the total of Schedule C, Column 5.
- Line 4 – **Market value of mutual funds**
Should agree with the total of Schedule D, Column 5.
- Line 5 – **Cash in office**
Should agree with the total of Schedule E, Column 3.
- Line 6 – **Other**
Should agree with the total of Schedule F, Column 4.

- Line 7 – **Gross interest due, and accrued**
Monies due and accrued to the Special Permit holder.
- Line 8 – **Total assets**
Sum of lines 1 through 7.
- Line 9 – **Net present value of annuities. Give tables and rates of interest.**
Identify mortality table and rates of interest used to calculate the net present value of all annuities issued by the Special Permit holder.
- Attach a report identifying all annuities issued by the Special Permit holder. This report shall include, but not be limited to, name or identifying code for annuitant(s), age of annuitant(s), birthdate of annuitant(s), sex of annuitant(s), gift amount, gift date, annuity amount, mortality table, reserve percentage, reserve factor, reserve.
- The total present value of annuities on the report should agree with Line 9.
- Line 10 – **Deduct net value of risks reinsured.**
To qualify as reinsurance the transaction must meet the definition contained in N.J.S.A. 17B:18-62, which states, in part: “Reinsurance is a contract under which an insurer (ceding) procures insurance from another insurer (assuming) to cover part or all of an insurance risk of the ceding insurer.”
- Purchase of an annuity contract from an insurance company does not qualify as reinsurance. Please contact the Department for further guidance on accounting for these transactions (609 292 5427 ext. 50328).
- You may not take credit for reserves or for amounts due on paid or outstanding losses, for any reinsurance in force with companies not authorized to transact business in the State of New Jersey, unless such amounts are secured by a letter of credit or trust agreement in compliance with New Jersey Statutes and Regulations.
- Line 11 – **Net Reserve**
Sum of lines 9 and 10.
- Line 12 – **Annuity payment due and unpaid.**
Payment of annuity benefits due and unpaid at the end of the statement year.
- Line 13 – **All other liabilities.**
Itemize any other liabilities of the segregated gift annuity fund not already accounted for.
- Line 14 – **Total amount of all liabilities.**
Sum of lines 11 through 13.
- Line 15 – **Required surplus.**
The minimum required surplus of \$100,000 or 10% of reserves **whichever is greater** must be reported on this line.
- Line 16 – **Excess surplus.**
Any surplus in excess of the minimum required.
- Line 17 – **Total liabilities and surplus.**
Sum of lines 14 through 16. This total must equal page 6, line 8, Total Assets and page 7, line 13 Annuity Fund Balance at end of year.

STATEMENT OF CHANGES IN ANNUITY FUND

- Line 1 – **Gross amount of gifts received during the year conditioned upon annuity agreements.**
Report gross amount of the consideration received from annuitants for all annuity agreements issued during the year.
- Line 2 – **Investment Income.**
Report investment income received from all forms of investment.
- Line 2a. – **Bonds**
Should agree to total of Schedule A, column 7.
- Line 2b. – **Preferred Stocks**
Should agree to total of Schedule B, column 7.
- Line 2c. – **Common Stocks**
Should agree to total of Schedule C, column 6.
- Line 2d. – **Mutual Funds**
Should agree to total of Schedule D, column 6.
- Line 2e. – **Cash, Money Market, CD**
Should agree to total of Schedule E, column 4.
- Line 2e. – **All Other Assets**
Should agree to total of Schedule F, column 5.
- Line 3 – **Other income.**
Itemize any other income received not already accounted for. This could include transfers from the Special Permit holders other non-segregated bank and/or brokerage accounts
- Line 4 – **Gain on investments**
Line 4a – **Realized**
Report the excess of consideration received over the statement value for an asset sold or disposed of during the current year.
- Line 4b – **Unrealized**
Report the increase in market value of an asset during the year.
- Line 5 – **Total Income**
Sum of lines 1 through 4b.
- Line 6 – **Annuity payments to donors and others**
Total actual annuity benefits paid during the year according to the terms of the annuity agreements.
- Line 7 – **Other disbursements**
Itemize any other disbursements made from the segregated account.

- Line 8 – **Loss on investments**
 Line 8a – **Realized**
 Report the excess of statement value over the consideration received for an asset sold or disposed of during the current year.
- Line 8b – **Unrealized**
 Report the decrease in market value of an asset during the year.
- Line 9 – **Total expense**
 Sum of lines 6 through 8b.
- Line 10 – **Net change in annuity fund.**
 Difference of line 9 from line 5.
- Line 11 – **Previous year annuity fund balance.**
 The annuity fund balance as reported for the prior year.
- Line 12 – **Annuity fund balance at end of year.**
 Sum of lines 10 and 11.

Exhibits

Reinsurance Recoverable on Paid and Unpaid Losses

If you have reported reinsurance on Page 6, Line 10 provide information regarding the reinsurer. Include the full name and address of the reinsurer, the amount of reinsurance recoverable on paid and unpaid losses for the year.

Exhibit of Number and Annual Payments of Annuities in Force and Reserves

- Column 1 **“Reserve”** – The amount reported for Column 1, End of Current Year, should agree with the amount reported at Page 6, Line 9.
- The reserves reported for the prior year should agree with the reserve amounts reported for the prior years’ statement.
- Column 2 **“At Beginning of Year – No”** – Report the number of annuity contracts outstanding at the beginning of the year.
- Column 3 **“At Beginning of Year – Pymt”** – Report the annualized amount of annuity payments payable under those contracts. Do not report the annuity considerations or reserve amounts in this column.
- Column 4 **“Written During Year – No”** – Report the number of annuity contracts written during the year.
- Column 5 **“Written During Year – Pymt”** – Report the annualized amount of annuity payments payable under those contracts. Do not report the annuity considerations or reserve amounts in this column.
- Column 6 **“Terminated During Year – No”** – Report the number of annuity contracts terminated by death of annuitants during the year.

- Column 7 **“Terminated During Year – Pymt”** – Report the annualized amount of annuity payments payable under those contracts. Do not report the annuity considerations or reserve amounts in this column.
- Column 8 **“At End of Year – No”** – Report the number of annuity contracts outstanding at the end of the year.
- Equals the sum of Columns 2 + 4 – 6
- Column 9 **“At End of Year – Pymt”** – Report the annualized amount of annuity payments payable under those contracts at year-end. Do not report the annuity considerations or reserve amounts in this column.
- Equals the sum of Columns 3 + 5 – 7

Exhibit of Segregated Account by Jurisdiction

This exhibit is only to be completed for Special Permit holders that have answered “Yes” to question 11 on page 5.

- Column 1 **Line 5 – Jurisdiction**
Identify the Jurisdiction (i.e. California)
- Column 2 **Held for the Benefit of a Particular Jurisdictions Annuitants and Beneficiaries**
Line 1 – **Assets:** Report the portion of assets reported on Page 6, Line 8 which are to benefit annuitants and beneficiaries of a particular jurisdiction.
Line 2 – **Reserve:** Report the portion of reserves reported on Page 6, Line 11 which are allocated to benefit annuitants and beneficiaries of a particular jurisdiction.
Line 3 – **Other:** Report the portion of Page 6, Lines 12 and 13 which are allocated to benefit annuitants and beneficiaries of a particular jurisdiction.
Line 4 – **Surplus:** Report the portion of Page 6, Lines 15 and 16 which are allocated to benefit annuitants and beneficiaries of a particular jurisdiction.
- Column 3 **Held for the Benefit of all Other Annuitants and Beneficiaries**
Line 1 – **Assets:** Report the portion of assets reported on Page 6, Line 8 which are to benefit all other annuitants and beneficiaries.
Line 2 – **Reserve:** Report the portion of reserves reported on Page 6, Line 11 which are allocated for the benefit of all other annuitants and beneficiaries.
Line 3 – **Other:** Report the portion of Page 6, Lines 12 and 13 which are allocated for the benefit of all other annuitants and beneficiaries.
Line 4 – **Surplus:** Report the portion of Page 6, Lines 15 and 16 which are allocated for the benefit of all other annuitants and beneficiaries.
- Column 4 **Total**
Line 1 – **Assets:** Total columns 2 and 3.
Line 2 – **Reserve:** Total columns 2 and 3.
Line 3 – **Other:** Total columns 2 and 3.
Line 4 – **Surplus:** Total columns 2 and 3.

SCHEDULES

SCHEDULE A - BONDS

Special Permit holders may attach a computer print-out of Schedule A, however, you may not alter the contents. The print-out must agree with the information required by Schedule A. All pages of the print-out must include column titles.

Bonds are obligations issued by business units, government units, certain nonprofit units and have a fixed schedule for one or more future payments of money. If no entries are to be made, write "None" across the Schedule.

Column 1	Description Give a complete and accurate description of all bonds owned at the end of the reporting year.
Column 2	Interest Rate Show rate of interest as stated on the face of the bond.
Column 3	Date of Maturity, Mo. Year Show the month and year the bond is to mature.
Column 4	Par Value Par value is equivalent to the face value of the bond adjusted for repayment of principal, if any.
Column 5	Cost Report the cost at: (1) original cost of acquiring the bond, including broker's commission and incidental expenses or (2) fair market value of the bond when the gift was placed in the segregated annuity fund.
Column 6	Statement Value (Market Value) Statement value should reflect the market value of the bond.
Column 7	Interest Received Enter amount of distribution received in cash. Interest received on bonds sold or disposed of during the year can be summarized on the next to last line in Column 7.
Column 8	Rating Enter the rating affixed to the bond by one of the national rating services, Standard & Poors, Moodys, AM Best, etc.

The sum of Column 6, Statement Value is reported on Page 6, Line 1.

The sum of Column 7, Interest Received is reported on Page 7, Line 2a.

SCHEDULE B – PREFERRED STOCKS

Special Permit holders may attach a computer print-out of Schedule B, however, you may not alter the contents. The print-out must agree with the information required by Schedule B. All pages of the print-out must include column titles.

Shares of preferred stock represent units of ownership in a corporation. If no entries are to be made, write "None" across the Schedule.

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| Column 1 | Description
Give a complete and accurate description of all preferred stock owned at the end of the reporting year. |
| Column 2 | Rating
Enter the rating affixed to the preferred stock by one of the national rating services, Standard & Poors, Moodys, AM Best, etc. |
| Column 3 | Redeemable (Y/N)
Report by "Y" or "N" if the preferred stock is redeemable. |
| Column 4 | Number of Shares
Report the number of preferred stock shares owned. |
| Column 5 | Cost
Report the cost at: (1) original cost of acquiring the preferred stock, including broker's commission and incidental expenses or (2) fair market value of the preferred stock when the gift was placed in the segregated annuity fund. |
| Column 6 | Statement Value (Market Value)
Statement value should reflect the market value of the preferred stock. |
| Column 7 | Dividends Received
Enter amount of distribution received in cash. Dividends received on preferred stock sold or disposed of during the year can be summarized on the next to last line in Column 7. |
| Column 8 | Year Acquired
Enter the year the Special Permit holder acquired the preferred stock. |

The sum of Column 6, Statement Value is reported on Page 6, Line 2.

The sum of Column 7, Dividends Received is reported on Page 7, Line 2b.

SCHEDULE C – COMMON STOCKS

Special Permit holders may attach a computer print-out of Schedule C, however, you may not alter the contents. The print-out must agree with the information required by Schedule C. All pages of the print-out must include column titles.

Shares of capital stock represent units of ownership in a corporation. If no entries are to be made, write "None" across the Schedule.

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| Column 1 | Description
Give a complete and accurate description of all common stock owned at the end of the reporting year. |
| Column 2 | CUSIP or Stock Symbol
Enter the CUSIP or Stock Symbol identifier for the common stock. |

- Column 3 **Number of Shares**
Report the number of common stock shares owned.
- Column 4 **Cost**
Report the cost at: (1) original cost of acquiring the common stock, including broker's commission and incidental expenses or (2) fair market value of the common stock when the gift was placed in the segregated annuity fund.
- Column 5 **Statement Value (Market Value)**
Statement value should reflect the market value of the common stock.
- Column 6 **Dividends Received**
Enter amount of distribution received in cash. Dividends received on common stock sold or disposed of during the year can be summarized on the next to last line in Column 6.
- Column 7 **Year Acquired**
Enter the year the Special Permit holder acquired the common stock.

The sum of Column 5, Statement Value is reported on Page 6, Line 3.

The sum of Column 6, Dividends Received is reported on Page 7, Line 2c.

SCHEDULE D – MUTUAL FUNDS

Special Permit holders may attach a computer print-out of Schedule D, however, you may not alter the contents. The print-out must agree with the information required by Schedule D. All pages of the print-out must include column titles.

Mutual Funds should be grouped in the following order showing the totals of each group separately, and each group arranged alphabetically.

1. Bond Funds
2. Stock Funds – Includes small cap, mid cap, large cap funds.
3. Real Estate Funds

Shares of mutual funds represent units of ownership in a corporation. If no entries are to be made, write "None" across the Schedule.

- Column 1 **Description**
Give a complete and accurate description of all mutual funds owned at the end of the reporting year.
- Column 2 **CUSIP or Stock Symbol**
Enter the CUSIP or Stock Symbol identifier for the mutual fund.
- Column 3 **Number of Shares**
Report the number of mutual fund shares owned.
- Column 4 **Cost**
Report the cost at: (1) original cost of acquiring the mutual fund, including broker's commission and incidental expenses or (2) fair market value of the mutual fund when the gift was placed in the segregated annuity fund.

Column 5 **Statement Value (Market Value)**
Statement value should reflect the market value of the mutual fund.

Column 6 **Dividends Received**
Enter amount of distribution received in cash. Dividends received on mutual funds sold or disposed of during the year can be summarized on the next to last line in Column 6.

Column 7 **Year Acquired**
Enter the year the Special Permit holder acquired the mutual fund.

The sum of Column 5, Statement Value is reported on Page 6, Line 4.

The sum of Column 6, Dividends Received is reported on Page 7, Line 2d.

SCHEDULE E – CASH, MONEY MARKET, CD

Special Permit holders may attach a computer print-out of Schedule E, however, you may not alter the contents. The print-out must agree with the information required by Schedule E. All pages of the print-out must include column titles.

This Schedule shows all banks, trust companies, savings and loan associations in which deposits were maintained by the Special Permit holder at any time during the year. This schedule also shall include commercial paper, negotiable certificates of deposit, and money market funds. If no entries are to be made, write "None" across the Schedule.

Column 1 **Depository**
Show full name of the depository. State if the depository is affiliated with the Special Permit holder.

Column 2 **Interest Rate**
Report the rate of interest in effect as of the year-end.

Column 3 **Balance**
Ending balance in the depository's account and at company's office.

Column 4 **Interest Received**
Enter amount of distribution received in cash. Interest received on accounts sold or disposed of during the year can be summarized on the next to last line in Column 3.

The sum of Column 3, Balance is reported on Page 6, Line 5.

The sum of Column 4, Interest Received is reported on Page 7, Line 2e.

SCHEDULE F – ALL OTHER ASSETS

Special Permit holders may attach a computer print-out of Schedule F, however, you may not alter the contents. The print-out must agree with the information required by Schedule F. All pages of the print-out must include column titles.

This Schedule shows all other assets in the segregated account not previously accounted for. This schedule can include real estate, annuities in transit, etc. If no entries are to be made, write "None" across the Schedule.

- Column 1 **Location and Description of Asset**
Show full name and location of the asset.
- Column 2 **Year Acquired**
Show the year the Special Permit holder acquired the asset.
- Column 3 **Cost**
Report the cost at: (1) original cost of acquiring the asset, including broker's commission and incidental expenses, if applicable or (2) fair market value of the asset when the gift was placed in the segregated annuity fund.
- Column 4 **Statement Value (Market Value)**
Statement value should reflect the market value of the asset.
- Column 5 **Received**
Enter amount of distribution received in cash. Monies received on asset(s) sold or disposed of during the year can be summarized on the next to last line in Column 5.
- Column 6 **Encumbrances**
Enter the amount of any encumbrances on the asset.

The sum of Column 4, Statement Value is reported on Page 6, Line 6.

The sum of Column 5, Received is reported on Page 7, Line 2f.