

## **DISCLOSURE STATEMENT**

### **UNITED METHODIST FOUNDATION of Northern Illinois Conference, Inc.**

#### **INTRODUCTION**

A gift annuity provides you with a charitable gift and a guaranteed life payment for yourself and/or another person. The charitable gift may entitle you to income, gift, and estate tax deductions. Because a charitable gift is involved, the annuity rates offered are lower than those available through commercial annuities offered by insurance companies and other financial institutions.

These payments are a general obligation of the Foundation, and they are backed by all of its assets. At **SEPTEMBER 30, 2011**, total invested assets had a market value of **\$41,632,615** and they are invested in the investment funds described in this disclosure statement. Common investment funds managed by the Foundation are exempt from registration requirements of the federal securities laws, pursuant to the exemption for collective investment of funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P.L.104-62). This disclosure statement is provided to you in accordance with the requirements of that Act.

#### **INVESTMENT FUNDS:**

**Conservative Fund:** This fund is about two-thirds bonds and one-third stocks and real assets. The Conservative Fund provides the lowest volatility and highest expected income among the three funds. It also provides the lowest expected total return.

**Moderate Fund:** This fund maintains a traditional asset allocation, with 60% stocks and real assets and 40% bonds. This fund offers a moderate expected return and volatility. This is the Foundation's most commonly used investment option.

**Aggressive Fund:** This fund is about 85% stocks and real assets and 15% bonds. The Aggressive Fund offers the highest expected return but also the highest volatility. Its interest and dividend yield is relatively low.

**Money Market Fund:** For groups with funds to invest for less than three years, the Foundation maintains a Money Market Fund with Charles Schwab & Company. This account is an interest bearing fund with very low risk and is intended as a holding place for short-term funds, to be used within one to three years. Investments include asset-backed commercial paper, promissory notes, certificates of deposit, US Treasury bills, etc.

**Short-Term Bond Fund:** A second short-term investment option for Foundation investors is the PIMCO Short-term Bond Fund. It focuses on ultra-short, high quality fixed income securities and offers higher income potential than traditional cash investments. There is modest additional risk when compared to money market funds.

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**SECURITIES CUSTODIAN:**

Charles Schwab

**REGISTRATION**

As a 501(c)3 charity organized for religious, charitable and educational purposes, the United Methodist Foundation is exempt from the registration requirements of the federal securities laws, pursuant to an exemption for collective investment funds and similar funds maintained by charitable organizations.

**MANAGEMENT FEES**

The Fund Managers and the Foundation are compensated out of assets of the investment funds. Fees may range from 0.5% to 5% annually.

**ORGANIZATION**

The Foundation was established on October 14, 1949. A volunteer board of directors, comprised of twenty-eight members, is vested with the responsibility of governing the Foundation. Directors are elected at the annual meeting of the Corporation at the Northern Illinois Annual Conference of The United Methodist Church. The Foundation is a 501(c)3 public foundation and is incorporated as a not-for-profit corporation in the State of Illinois. The management of the Foundation is supervised by a full-time chief executive officer.

**UNITED METHODIST FOUNDATION**  
**of the Northern Illinois Conference, Inc.**  
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