



Charitable Gift Annuity A Life Income Gift

What Is a Gift Annuity?

A Gift annuity is a contract under which a charity, in this case The United Methodist Foundation of Northern Illinois Conference (NIC), in return for a transfer of cash or securities, agrees to pay a fixed sum of money for one- or two- lives. All unrestricted assets of the Foundation back the gift annuity program. Certain tax benefits are realized at the time of the gift, and with the annual payments. After death of the annuitant(s), the Foundation pays the remaining funds in the gift annuity to the UM charity designated by the donor. Because of the tax benefits, it *is important to note that this is an irrevocable gift.*

What is the Foundation's Role?

The Foundation contacts with the donor. We invest the funds received in the Conservative Fund of our investment program and track the value of the gift annuity monthly. We make the annual payments as agreed-upon in the contract, and we provide tax information to the annuitant annually. At the termination of the contract, we value the remaining gift annuity, assess our final fee and remit the balance to the church or UM charity indicated in the contract. **The Foundation, not the remainder church/charity assumes the legal obligation for making the life payments, even if the gift annuity were to fully deplete.**

What are the types of gift annuities offered?

We offer one- and two- life gift annuities. Most are "immediate" gift annuities, which means that the annual payments will begin within one year of the date it is established. We also offer deferred gift annuities, with the payment deferred at least one year, often several years, with the payment amount set by the age of the annuitant(s) when the first payment begins.

The Foundation's Program

The Foundation has offered charitable gift annuities since the mid-1970s. Since that time we have fully honored every gift annuity agreement. The Foundation has more than 365 immediate and deferred gift annuities today with a market value of more than \$5.7M (12/31/2010). The average annual payout rate is just over 8% (of original gift value), and the average age of our annuitants is 81 years.

