

You should be aware that a charitable gift annuity is completely different than annuities (or variable annuities) sold by insurance companies. If you are considering any type of annuity or other charitable life income agreement, you should consult with your personal legal and/or tax advisors before making the gift.

Because the charitable gift annuity is an irrevocable gift, we strongly recommend that any donor have a *minimum* of \$150,000 in liquid assets **beyond** what would be used to fund a charitable gift annuity. This helps ensure that the donor has adequate resources remaining to provide for any unexpected needs.

The residue of charitable gift annuities written through The Evangelical Covenant Church must be designated 100% for Covenant ministries of the donor's choice.

The charitable **gift** annuity is aptly named-it provides a benefit **both** to the donor during lifetime **and** to the Covenant ministries chosen by the donor to receive the residue.

Gift annuity services for The Evangelical Covenant Church are offered through Covenant Estate Planning Services® while Covenant Trust Company® provides management for the actual gift annuity funds. Some states have special regulations which apply to charities offering charitable gift annuities; the ECC complies with these regulatory requirements. Covenant charitable gift annuities have been offered for more than 60 years. There are currently over 440 active annuity contracts which total more than \$14 million in future expectancies for Covenant ministries.

We will be happy to prepare a personalized example for you to specifically demonstrate the possible benefits of a charitable gift annuity as part of your overall estate plan. You may work through your local Financial Services Representative, or contact our office directly. There is no cost or obligation for the example or any information about charitable gift annuities.

COVENANT CHARITABLE Gift ANNUITIES



 **COVENANT TRUST COMPANY®**
your financial services partner
trustee services • asset management • retirement planning • legacy planning

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A Charitable Gift Annuity can assist you in making a charitable gift that benefits one or more Covenant ministries of your choice, and also provides several benefits to you for your lifetime.

What exactly is a Charitable Gift Annuity?

It is an agreement between you and The Evangelical Covenant Church (ECC). You transfer assets of cash or marketable appreciated securities to the ECC. You then receive fixed payouts for the rest of your life and/or the lifetime of another person, if you so desire.

How much are the payouts?

The payout rate is determined by the age of the income beneficiaries at the time the annuity is written. The annual payout amount is fixed at the time the annuity is written and does not change. The older you are when your gift annuity begins, the higher the payout rate.

Gift Annuity Rate Sampler (07/2011)

Age(s)	Payout Rate
1 life, 65	5.3%
1 life, 75	6.5%
1 life, 85	8.4%
1 life, 90	9.8%
2 lives, 65-65	4.7%
2 lives, 75-75	5.7%
2 lives, 85-85	7.4%
2 lives, 90-90	8.8%

Charitable gift annuities benefit:

- the donor/annuitant
- one or more Covenant ministries of your choice

What are the advantages to the donor?

There are several:

- Lifetime payouts for you and another person, if desired
- In most cases, payouts are partially tax-free for the period of actuarial life expectancy of the donor(s)
- Favorable treatment of capital gains, if funded with appreciated securities
- A charitable deduction on your federal income tax in the year of the gift
- The amount used to fund the gift annuity does not count as part of your estate for estate tax purposes, and it avoids probate
- The opportunity to make a significant gift to one or more Covenant ministries

When do the ministries the donor chooses get the money, and how much do they receive?

All gift annuity funds are held in segregated accounts until after the death of the last surviving annuitant. Then the remaining funds are distributed to those Covenant ministries named by the donor.

There are two kinds of charitable gift annuities—immediate and deferred. A donor may choose to begin receiving payouts right away, or at a future time (such as age 65).

Donors may choose to receive payouts monthly, quarterly, semi-annually or annually. Payouts are made at the end of the period, i.e. the last day of the month, quarter, etc.; and may be made by check, direct deposit to a bank account, or transfer to an existing revocable trust where Covenant Trust Company® serves as trustee. Information to assist in income tax preparation is provided both at the time the annuity is written, and annually thereafter on IRS Form 1099-R.

Is there a minimum amount required for a charitable gift annuity?

Yes, a \$5,000 minimum normally applies. However there may be special circumstances when exceptions are made. There is no maximum amount for charitable gift annuities, and many are for amounts in excess of \$100,000.

Can the donor change his/her mind once gift annuity payments have started?

No. Because there are income tax benefits, a charitable gift annuity is an *irrevocable* agreement.

Information contained in this brochure is for purposes of information and education only, and is not intended as either tax or legal advice. Consult your personal tax and/or legal advisor for specific information.

