

CHARITABLE
GIFT
ANNUITY
APPLICATION



LUTHERAN
COMMUNITY
FOUNDATION®

ESTABLISHING YOUR GIFT ANNUITY

A charitable gift annuity from the Lutheran Community Foundation (LCF) offers the opportunity to make a charitable gift today and, in turn, receive a life-long stream of income. It can also provide you with tax benefits, both now and down the road. To establish your gift annuity:

- Step 1 Tell us **About You** (page 2)
- Step 2 Identify **Your Gift** (page 3)
- Step 3 Provide your **Payment Information** (page 4)
- Step 4 Review the **Charitable Gift Annuity Disclosure Statement** and sign your **Gift Annuity Acknowledgement** (pages 5-7)
- Step 5 Send this completed **Charitable Gift Annuity Application** and your completed **Fund Workbook** from **How to Establish Your Charitable Fund** to the LCF (page 5)

STEP 1 ABOUT YOU

Please print or type

FIRST DONOR

Full name

Mr. Ms. Mrs. Miss

Date of birth _____

Social security number _____

Donor address

Street _____

City/State/Zip _____

Day phone _____

Evening phone _____

SECOND DONOR (if applicable)

Full name

Mr. Ms. Mrs. Miss

Date of birth _____

Social security number _____

STEP 2 YOUR GIFT

The LCF accepts cash or marketable securities in exchange for a charitable gift annuity. If multiple assets are to be given, the LCF will establish an escrow account to hold your gifts until the final asset is received, at which time the date of your gift will be established and all assets will be sold. Please indicate your proposed gift and the amount (minimum \$10,000):

- Cash in the amount of \$_____ (go to **Payment Information** on page 4)
- Mutual fund assets with a value of \$_____ (complete the following section)
- Publicly-traded securities with a value of \$_____ (complete the following section)

FOR GIFTS OF MUTUAL FUNDS AND PUBLICLY TRADED SECURITIES

In order to accept your gift of securities, the following information is needed by the LCF. The accuracy of the information you provide is also important as it determines the tax-free portion of your gift annuity payments. (The greater the cost basis, the greater the tax-free portion of your payment.) Attach additional pages if necessary. If you have any questions on completing this form or any of the special considerations below, please contact the LCF's Charitable Giving Services staff at 1-800-365-4172.

Name of mutual fund or security	Number of shares	Who is the owner?	Date shares acquired	Original cost per share	Current fair market value
		<input type="checkbox"/> Donor <input type="checkbox"/> Spouse <input type="checkbox"/> Joint		\$	\$
		<input type="checkbox"/> Donor <input type="checkbox"/> Spouse <input type="checkbox"/> Joint		\$	\$

IMPORTANT CONSIDERATIONS FOR GIFTS OF SECURITIES

Please do not attempt to transfer securities to the LCF without staff assistance. Include copies of either the most recent brokerage statements or stock certificates with this application.

Securities owned for one year or less (short-term securities). Please identify securities you have owned for one year or less. The IRS requires that the charitable deduction for such securities be based on the original cost per share, not its fair market value.

Securities that have lost their value. If the securities you intend to give are worth less than what you paid for them, you may want to consider selling the securities yourself and gifting the cash proceeds to the LCF. You may be entitled to take a loss on your tax return, and by giving cash, you can deduct up to 50% of your adjusted gross income in the year of the gift (with a 5 year carry-over). Donors giving long-term securities can deduct up to 30% (annually) of their adjusted gross income.

Inherited securities. Please identify any securities you have inherited. Under the "Date Shares Acquired" column, use the date of death of the person from whom you acquired the securities. The date of death should also be used when determining the securities' cost per share.

Please check one of the following to indicate how you wish to have your gift annuity payments issued:

- One life.
- Two lives (single payments to both, continuing until the death of the second).
- Two successive annuitants (payments to one, then to another).

PAYMENT RECIPIENT(S)

Gift annuity payments will be made to you, the donor(s), unless other payment recipients are named below.

- Please make gift annuity payments to someone other than the donor(s) as listed below:

First Payment Recipient

Second Payment Recipient (if applicable)

Date of birth _____

Date of birth _____

Street address _____

Street address _____

City/State/Zip _____

City/State/Zip _____

SSN _____

SSN _____

Relationship to donor _____

Relationship to donor _____

DIRECT DEPOSIT OF PAYMENTS (checking or savings account only)

For your ease and security, we recommend direct deposit of income payments to a specified bank/savings account.

Please attach a voided check (not a deposit slip) from the account to which you wish your payments to be deposited.

PAYMENT RATE

The LCF follows the American Council on Gift Annuities' (ACGA) recommended gift annuity rates for payments. You may, however, request a payout rate that is less than the ACGA's recommended rates. If a lesser rate is requested, you will realize a larger charitable income tax deduction in exchange for a more modest annuity payment, and your selected charity(ies) will likely receive a larger gift. Please indicate your desired annuity payment rate:

- I request the ACGA recommended rate.
- I request a rate lower than the ACGA recommended rate: ___% (please insert desired rate).

PAYMENT START DATE

Please check one of the following to indicate whether you want your payments to begin immediately or be deferred until a specified month and year in the future. Payments are made at the end of each calendar quarter. Check one of the following:

- Immediate payments.** Payments begin at the end of the current calendar quarter.
- Flexible deferred payments.** Payments begin in the future, within a specified 1-to-30 year window of time.
Begin payments within this window of years: 20__ to 20__
- Deferred payments.** Payments begin in a specified year, **at least one year** from the date of the gift.
Begin payments in the year of: 20__ March September June December

For direct deposit of payment
attach voided check here.

With a gift annuity, you simultaneously make a charitable gift and receive income payments for life to yourself and/or another person. As a charitable gift is involved, the annuity rates offered by the LCF are lower than those available through commercial annuities offered by insurance companies and other financial institutions. Your gift may, however, entitle you to income, gift and estate tax deductions.

I have received the disclosure statement (on the following pages) from the LCF regarding its gift annuity reserves and investments, as required under the Philanthropy Protection Act. I understand that a charitable gift annuity is irrevocable and that, at the death of the last payment recipient, the portion of my contribution remaining after satisfying the annuity payment obligation will be used by the LCF for the charitable purposes described in my Fund Agreement.

I hereby make application for a gift annuity subject to the terms and conditions described in this booklet.

Donor's signature

Date

Donor's signature

Date

SEND TO THE LCF

Send this completed Charitable Gift Annuity Application and your completed Fund Workbook to the LCF at:

Lutheran Community Foundation
625 Fourth Avenue South, Suite 1500
Minneapolis, Minnesota 55415
phone 800/365-4172 fax 612/844-4109
www.TheLCF.org

Annuities are subject to regulation by the State of California. Payments, however, are not protected or otherwise guaranteed by any government agency or the California Life and Health Insurance Guarantee Association.

A charitable gift annuity is not regulated by the Oklahoma Insurance Department and is not protected by a guaranty association affiliated with the Oklahoma Insurance Department.

Charitable gift annuities are not regulated by and are not under the jurisdiction of the South Dakota Division of Insurance.

CHARITABLE GIFT ANNUITY DISCLOSURE STATEMENT

Purpose of the Disclosure Statement

This Disclosure Statement is intended to provide donors with general information concerning charitable gift annuity agreements that are administered by the Lutheran Community Foundation (LCF). This document briefly summarizes the creation, administration and general tax consequences of such agreements. Donors are encouraged to read this Disclosure Statement and to consult with their tax and legal advisors before establishing a charitable gift annuity.

About the Lutheran Community Foundation

The LCF is a Minnesota nonprofit corporation, organized and operated exclusively for charitable, religious and educational purposes. Donations to the LCF are deductible for income, gift and estate tax purposes because the LCF is a charitable organization described in Sections 501(c)(3) and 509(a)(1) of the Internal Revenue Code. Donors may request a copy of the LCF's most recent IRS Form 990 or similar information.

Description of a Gift Annuity

A gift annuity is a simple, irrevocable agreement between the donor (or donors) and the LCF. In exchange for the donor's (donors') contribution, the LCF promises to make fixed income payments for life to one or two persons (typically, but not necessarily, the donor or the donors). The amount paid is based on the age of the payment recipients at the time of the gift, in accordance with the rate schedule adopted by the LCF.

Not a Commercial Investment

The act of establishing a gift annuity with the LCF is not, and should not be viewed as, an investment. Rather, it is a way to receive annuity payments while making a charitable donation. In this respect, the LCF gift annuity is different from a commercial annuity. However, the fact that you are making a charitable gift may provide you with tax benefits, including a current federal income tax charitable deduction (if you itemize your deductions). In addition, annuity payments are usually partially tax-free and there are future estate tax savings.

Gift Annuity Rates

Generally, the gift annuity rates paid by the LCF are those suggested by the American Council on Gift Annuities (ACGA), which is a national organization of charities that has been in existence since 1927. These rates have been calculated so as to provide attractive payments to the donor and/or other annuitant or annuitants, and also to result in a significant portion of the contribution remaining for the charity. Because a charitable gift is involved, the rates are lower than those available through commercial annuities offered by insurance companies and other financial institutions.

A donor may request a payout rate that is less than the ACGA's recommended rates. If a lesser rate is requested, the donor will realize a larger charitable income tax deduction, and likely a larger gift to your charities, in exchange for a more modest annuity income.

For more information about ACGA rates, contact the LCF or visit www.ACGA-web.org.

Assets Backing the LCF's Gift Annuity Program

The annuity payments are a general obligation of the LCF and are backed by LCF assets, subject to existing security interests. As of December of 2010, total invested assets of the LCF exceeded \$200,000,000. These assets are invested in a diversified portfolio of equity and bond mutual funds, and other pooled investments, where all investment gains, losses and proceeds are shared by the investment pool. The LCF also maintains a gift annuity reserve fund that is segregated from general assets and is invested in accordance with the laws of the states where the LCF offers gift annuities.

Assets received by the LCF for gift annuities are managed in a prudent and disciplined manner. It's possible that exposure to prolonged periods of market uncertainty and/or longevity well beyond average life expectancy could result in the depletion of your gift annuity, leaving no remainder for your charitable fund and the charities recommended in your Fund Agreement. However, your payments will be unaffected and will continue. If the LCF should ever fail financially, individuals entitled to receive annuity payments would qualify as general creditors of the LCF.

The LCF was established on December 22, 1994. Responsibility for governing the LCF is vested in a Board of Directors comprised of persons representing a cross-section of the Lutheran community. Common investment funds managed by

the LCF are exempt from registration requirements of the federal securities laws, pursuant to the exemption for collective investment funds and similar funds maintained by charitable organizations under the Philanthropy Protection Act of 1995 (P.L. 104-62). Information in this Disclosure Statement is provided to you in accordance with the requirements of that Act.

Points to Remember

- A contribution for a gift annuity is irrevocable. The assets contributed cannot be returned to the donor, either now or in the future.
- The right to annuity payments may not be assigned to any person or organization, other than to the LCF.
- The gift date is the date the assets are actually transferred. In the case of cash, it is the date the check is either mailed or hand-delivered to the LCF. In the case of an electronic transfer of securities, it is the date the assets are received into an account of the LCF. If the gift is stock certificates, it is the date they are mailed or delivered to the LCF. In the case of gifts of multiple assets, it is the last date an asset is received into escrow.
- In most cases, the gift annuity is governed by Minnesota law.
- If a donor is contributing highly-appreciated, separately-owned property for the benefit of the donor and another person, it is possible that no portion of the annuity payments will be tax-free.
- If highly-appreciated securities are used to establish a gift annuity and annuity payments are paid solely to someone other than the donor, the gain is all reportable to the donor in the year the property is transferred.
- If contributed securities were owned one year or less, the donor has made a gift of a short-term asset. In such cases, the IRS requires that the donor's charitable deduction be based on the asset's cost basis rather than on its fair market value. As a result a donor must notify the LCF as to all short-term securities they intend to donate. Donors should be aware that if the stock they wish to donate has dividend reinvestment, part of the gift may be short-term securities.
- If the securities the donor intends to give have suffered a loss, then the donor may be better off selling the asset and donating the proceeds to the LCF. In doing so, the donor may be able to claim a loss on his or her tax return.
- With the exception of gift annuities issued in a few states, the LCF is the only entity that signs the final gift annuity contract.

For More Information

This Disclosure Statement is intended to provide basic information regarding the gift annuities issued by the LCF. If you have additional questions, please call or write the LCF:

Lutheran Community Foundation
625 Fourth Avenue South, Suite 1500
Minneapolis, Minnesota 55415
phone 800/365-4172 fax 612/844-4109 www.TheLCF.org

Please contact the LCF to confirm state approval and for additional information.

The gift annuity information provided by the LCF does not constitute legal or tax advice. Donors are encouraged to consult with their attorneys or tax preparers prior to creating a gift annuity contract with the LCF.

To ensure compliance with IRS requirements, be aware that any U.S. federal tax advice contained in this brochure is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party to any transaction or matter addressed herein.



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