

CHARITABLE  
GIFT  
ANNUITY  
APPLICATION



LUTHERAN  
COMMUNITY  
FOUNDATION

## ESTABLISHING YOUR GIFT ANNUITY

A charitable gift annuity from the Lutheran Community Foundation 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 Lutheran Community Foundation. (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 Foundation accepts cash or marketable securities in exchange for a charitable gift annuity. If multiple assets are to be given, the Foundation 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 Foundation. 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 Foundation'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 Foundation 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 Foundation. 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)

- Please make gift annuity payments to the donor(s) as listed in **About You**.
- Please make gift annuity payments to someone other than the donor(s) as listed below:

### DIRECT DEPOSIT OF GIFT ANNUITY PAYMENTS (checking or savings account only.)

- I request that quarterly gift annuity payments be directly deposited to my bank/savings account. **Please attach a voided check (not a deposit slip) from the account to which you wish your payments to be deposited.**

#### 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 \_\_\_\_\_

For direct deposit of payment  
attach voided check here.

### GIFT ANNUITY PAYMENT RATE

The Foundation 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 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)

### GIFT ANNUITY 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.

- Begin payments immediately.
- Defer payments to a specific month/year. **Deferred payments must begin at least one year from the date of the gift:**  
Year: 20\_\_  March  September  June  December
- Flexible deferred payments to begin in a future one-to-30 year window of time:  
Deferment window: 20\_\_ to 20\_\_

With a gift annuity, you simultaneously make a charitable gift and receive guaranteed payments for life to yourself and/or another person. As a charitable gift is involved, the annuity rates offered by the Lutheran Community Foundation 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 Lutheran Community Foundation 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 Lutheran Community Foundation 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.

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 Donor's signature

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 Date

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 Donor's signature

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 Date

## SEND TO THE FOUNDATION

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

LUTHERAN COMMUNITY FOUNDATION

625 Fourth Avenue South, Suite 1500

Minneapolis, Minnesota 55415

phone 800/365-4172 fax 612/340-4109

[www.TheLCF.org](http://www.TheLCF.org)

The payments made under a charitable gift annuity are subject to regulation by the California Insurance Department, but are not insured or otherwise guaranteed by the California Life Insurance Guaranty Association. Donors should seek the advice of counsel prior to entering into a gift annuity agreement.

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 (the "Foundation"). 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.

## **Lutheran Community Foundation**

The Foundation is a Minnesota nonprofit corporation, organized and operated exclusively for charitable, religious and educational purposes. Donations to the Foundation are deductible for income, gift and estate tax purposes because the Foundation 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 Foundation'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 Foundation. In exchange for the donor's (donors') contribution, the Foundation promises to make fixed, guaranteed 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 Foundation.

## **Not a Commercial Investment**

The act of establishing a gift annuity with the Foundation 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 Foundation 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 Foundation 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 in exchange for a more modest annuity income.

For more information about ACGA rates, contact the Foundation or visit [www.ACGA-web.org](http://www.ACGA-web.org).

## **Assets Backing the Lutheran Community Foundation's Gift Annuity Program**

The annuity payments are a general obligation of the Foundation, and they are backed by all of our assets, subject to existing security interests. As of December 31, 2006, the total invested funds of the Lutheran Community Foundation exceeded \$156,389,563, and are invested in a diversified portfolio of equity and bond mutual funds. The Foundation also maintains a gift annuity reserve fund that is segregated from our general assets, and is invested in accordance with the laws of the states in which we offer gift annuities. Assets received by the Foundation for gift annuities are managed in a prudent and disciplined manner. If the Foundation should ever fail financially, individuals entitled to receive annuity payments will qualify as general creditors of the Foundation.

The Foundation was established on December 22, 1994. Responsibility for governing the Foundation is vested in a Board of Directors comprised of 11-16 persons. Common investment funds managed by the Foundation 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 Foundation.
- 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 Foundation. In the case of an electronic transfer of securities, it is the date the assets are received into an account of the Foundation. If the gift is stock certificates, it is the date they are mailed or delivered to the Foundation. 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 Foundation 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 Foundation. 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 Foundation 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 Foundation. If you have additional questions, please call or write the Foundation:

LUTHERAN COMMUNITY FOUNDATION  
625 Fourth Avenue South, Suite 1500  
Minneapolis, Minnesota 55415  
phone 800/365-4172 fax 612/340-4109 [www.TheLCF.org](http://www.TheLCF.org)

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

*The gift annuity information provided by the Foundation 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 Foundation.*

*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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