

CHARITABLE GIFT ANNUITY

Application



ELCA Foundation
Evangelical Lutheran Church in America
God's work. Our hands.

Charitable Gift Annuity Application Instructions

Step 1. Read Disclosure Statement (Pages 6-8)

Read and review the disclosure statement. Please keep this statement with your records.

Step 2. Complete Charitable Gift Annuity Application (Pages 2-5)

Read and fill out the application.

Step 3. Complete Authorization Agreement for Direct Deposit

Read and fill out the form. Include this form with your charitable gift annuity application.

Step 4. Funding

If you are funding your annuity with a check:

Include your check payable to "ELCA Foundation" with your charitable gift annuity application.

or

If you are funding your annuity with an appreciated security:

Review the Securities Instruction Sheet and follow the directions provided. If your security will be sent through electronic transfer, please complete DTC Transfer Authorization Form #1 located on the reverse side of the Securities Instruction Sheet.

Step 5. Mail Application

Once you have completed your application, pull it out, make a copy for your records, and mail it to:

ELCA Foundation
8765 West Higgins Road
Chicago, IL 60631-4101



Charitable Gift Annuity Application Form

Thank you for your commitment to the mission and ministry of the Evangelical Lutheran Church in America (ELCA).

As members of the ELCA, we share in a rich tradition of being active and engaged in the world. From proclaiming the gospel to responding to the needs of people throughout the world, ELCA members carry out God’s work through a vast network of ministries, organizations and institutions.

With an ELCA charitable gift annuity, established through the ELCA Foundation, you have the opportunity to change lives through one or more of the ministries or organizations that mean the most to you. Your gift may support your local congregation, bring relief in a time of disaster, provide a college or seminary scholarship, support social services in your community or all of the above.

Wherever your gift is directed, we thank you for your commitment to ministry today that will provide resources for the church to carry out God’s work with our hands in the future.

We look forward to working with you!

1. My Gift

\$

My Total Gift

Minimum \$10,000.

Make checks payable to “ELCA Foundation.” If you wish to make a gift of appreciated securities, please see Securities Instruction Sheet.

Cash Gift Amount

Donor
 Spouse
 Joint

Security

Ownership
 (circle one)

\$

\$

Approximate Value

Acquisition Date

Cost Basis

Donor
 Spouse
 Joint

Security

Ownership
 (circle one)

\$

\$

Approximate Value

Acquisition Date

Cost Basis

2. Donor(s)

Donor Name _____

Address _____

City _____ State _____ ZIP Code _____

Phone _____

Email _____

Social Security Number _____ Birthdate (mm/dd/yyyy) _____

Donor Name _____

Address _____

City _____ State _____ ZIP Code _____

Phone _____

Email _____

Social Security Number _____ Birthdate (mm/dd/yyyy) _____

3. Annuitant(s)

For immediate payment annuities the minimum age is 65. For deferred payment annuities the minimum age is 55 with the first payout occurring no sooner than age 65.

First Annuitant _____

Address _____

City _____ State _____ ZIP Code _____

Phone _____

Social Security Number _____ Birthdate (mm/dd/yyyy) _____

Relationship to donor _____

Second Annuitant _____

Address _____

City _____ State _____ ZIP Code _____

Phone _____

Social Security Number _____ Birthdate (mm/dd/yyyy) _____

Relationship to donor _____

Is this annuity paying to an annuitant who is NOT a donor of this gift? YES NO

If yes, and I reside in the State of New York, I WANT / DO NOT WANT the gift annuity agreement to include language giving me the option — through my will or other testamentary means — to revoke a portion of a non-donor annuitant's right to receive payments.

If yes, and I reside in a state other than New York, I WANT / DO NOT WANT the gift annuity agreement to include revocation language that gives me the option — during my life or through my will or other testamentary means — to revoke a portion of a non-donor annuitant's right to receive payments.

For ELCA Foundation Use

4. Payment

Payment choice requires minimum of \$100 for each payment.

Payment Options

- One life Two life joint and survivor
- Two life successive

Payment Schedule

- Annually Semi-Annually
- Quarterly

Payment Start Date

Please indicate whether you want your payments to begin as soon as possible or deferred until a specified month and year in the future. Deferred payments are made at the end of each calendar quarter.

Begin payments as soon as possible.

Quarterly payments will be made in March, June, September and December.
Semi-annual payments will be made in June and December.

Defer payments to a specific month/year.

Deferred payments must begin at least one year after the date of the gift.

Year: 20_____ March June September December

Flexible deferred payments to begin in a future one-to-10 year window of time.

Target Date: _____ Deferment window is five years on either side of the target date, and first payment must occur no later than 20 years after the date the annuity is issued.

Payment Rate (Choose one)

- I/we request the American Council on Gift Annuities (ACGA) suggested rate.
- I/we request a rate lower than the ACGA suggested rate: _____% (Insert desired rate)

Applicable Federal Rate (AFR) (Choose one)

- I/we request the use of the AFR that produces the greatest charitable deduction.
- I/we request the use of the AFR that produces the greatest amount of tax-free return of principal.

5. Charitable Remainder Designation(s)

Remainder designations can include any ELCA-related congregation, synod, institution or social ministry organization. ELCA guidelines encourage donors to designate a minimum 10% of the remainder for ELCA Churchwide Ministries. Remainder designations are not applicable for gift annuities established by resident(s) of the state of Washington.

_____ % ELCA Churchwide Ministries _____

_____ % ELCA Endowment Fund to benefit: _____

_____ % Other ELCA Ministries: _____

_____ % Other ELCA Ministries: _____

- I authorize the ELCA Foundation to notify the specific ministry(ies) designated to receive the remainder of this gift. This notification will describe the gift value.

- Please keep my gift anonymous until after the annuity terminates.

6. Donor Statement

- I/we have read, reviewed and understand the Charitable Gift Annuity Disclosure Statement as part of this application.
- I/we understand that the information given in this application may be used in any life income agreement hereby established.
- I/we understand that a charitable gift annuity is irrevocable.
- I/we understand that I/we should consult my/our own advisors about the benefits and consequences of making this gift.

- I/we affirm that funds utilized to make this gift are not needed by me/us to meet unexpected financial emergencies.
- I/we acknowledge that neither the ELCA, ELCA Foundation, nor its representative, have rendered legal or tax advisory services to me/us.
- I/we understand that the ELCA Foundation will review this application and may not accept this gift.

Please Note: Before accepting a charitable gift annuity application, the ELCA Foundation must first illustrate the intended gift. Upon acceptance a Gift Annuity Agreement will be issued.

Your signature should reflect the name you entered as Donor(s). This will be the name(s) used in the Gift Annuity Agreement.

Donor Signature

Date

Donor Signature

Date

For assistance in completing your application, or if further clarification is required, please contact the ELCA Foundation at 800-638-3522.

When you have completed the necessary forms, please mail them to:
ELCA Foundation, 8765 W. Higgins Road, Chicago, IL 60631-4101

Gift Development

Developer/Institution

Special Instructions from the Developer

Oklahoma Donors: 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.

How did you hear about the ELCA Foundation's gift planning services?

- | | | |
|--|---|---|
| <input type="checkbox"/> Seminar/Conference | <input type="checkbox"/> Your Financial/Legal Advisor | <input type="checkbox"/> Mailing |
| <input type="checkbox"/> Your Congregation | <input type="checkbox"/> ELCA Foundation Newsletter | <input type="checkbox"/> Email |
| <input type="checkbox"/> Your Synod | <input type="checkbox"/> Advertisement | <input type="checkbox"/> Other (please specify) |
| <input type="checkbox"/> ELCA Foundation
Gift Planner | <input type="checkbox"/> Brochure | _____ |
| | <input type="checkbox"/> Website | _____ |



Charitable Gift Annuity Disclosure Statement, 2017-2018

The Evangelical Lutheran Church in America's (ELCA) charitable gift annuity program operates for the benefit of ministries of the church and serves donors who wish to benefit ELCA ministries.

With a gift annuity, a donor makes an irrevocable gift of cash or securities to the ELCA, c/o ELCA Foundation, and in return receives an agreement that the ELCA will make annuity payments for life to one or two annuitants named by the donor. No part of the gift can be returned to the donor, except to the extent that the donor may be entitled to annuity payments if the donor is also an annuitant. Annuity payments to specified annuitants are fixed and begin to accrue on the gift date. As with other charitable gifts, the gift date depends on the type and method of transfer of the gifted asset. The right to annuity payments may not be assigned, other than to the ELCA.

Annuity termination

The annuity agreement ceases with the last payment prior to the death of the last annuitant. There shall be no partial payment to the estate or others. If any payments are made after the death of an annuitant, such payments must be returned to the ELCA, c/o ELCA Foundation, for distribution to the donor's designated ministry or ministries.

Annuitants may voluntarily terminate annuity agreements for distribution of the remaining annuity account balance to the donor's designated ministry(ies).

Power to revoke payments

If an annuity pays to at least one non-donor annuitant, the donor has the option at the time of the gift for the annuity agreement to include a provision allowing for the donor to revoke a non-donor annuitant's right to receive payments. If the agreement is established by two donors, each donor may revoke up to his/her proportional interest in the gifted property. This feature may be included for gift tax or other purposes.

Charitable remainder designations Except for gift annuities issued to donors in the State of Washington, the donor may designate a specific ministry, or combination of ministries, to receive the annuity account balance when the annuity terminates. A

donor may request changes to charitable remainder designations during life or through a will. In compliance with state law, the remainder designation of any gift annuity established by a state of Washington donor must be "Evangelical Lutheran Church in America."

Not an investment

A charitable gift annuity is not an investment and differs from a commercial annuity. Annuity payouts from charitable gift annuities are less than payouts from commercial annuities so that a portion of a contribution can be available for charitable purposes. Charitable gift annuities are designed under federal tax code to qualify for income tax charitable deductions. By making a charitable gift, you are likely to be eligible for a current federal income tax charitable deduction (if you itemize your deductions), and a portion of the annuity payments will be tax-free return of principal. You may also experience future estate tax savings.

Gift annuity rates

The ELCA uses the rates suggested by the American Council on Gift Annuities (ACGA), which is a national organization of charities that has been in existence since 1927. ACGA rates are calculated so as to result in a significant portion of the contribution remaining for the charity. Some states require that the rates of the ACGA be used. Though the ELCA never offers annuity rates higher than the ACGA rates, a donor may request a rate lower than the ACGA rate for a particular annuitant(s). The result of annuity payments made at a lower rate would include the likelihood of a higher charitable remainder value for ministry, thus resulting in a higher income tax charitable deduction.

The monthly Applicable Federal Rate (AFR)

Each month the U.S. Internal Revenue Service publishes an AFR applicable to gift annuities. This rate, along with the charitable gift annuity rate, is used to calculate the income tax charitable deduction and the amount of tax-free return of principal that annuitants will receive.

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Charitable Gift Annuity Disclosure Statement

(continued from page 6)

A higher AFR results in a higher charitable deduction and a lower percentage of tax-free return of principal. A lower AFR results in a lower charitable deduction and a higher percentage of tax-free return of principal. The AFR for the current month or either of the previous two months may be chosen for each gift.

Gifting securities

When securities are used to fund a charitable gift annuity, the donor must provide the cost basis of the securities. When appreciated securities previously held by the donor for a year or more are used to fund a charitable gift annuity paying to a donor, some of the annuity payments will be characterized as capital gain income. The percentage of the gift that is considered a charitable contribution bypasses that same percentage of capital gain. The remaining amount of capital gain is prorated over the years of life expectancy of the donor. These categories of income do not influence the amount of annuity received. Additional information about gifting securities is available through the ELCA Foundation.

If a donor is contributing appreciated securities for the benefit of the donor and another person (i.e., non-spouse), it is possible that no portion of the annuity payments will be tax-free. When appreciated securities are used to fund a gift annuity for which the donor will not receive annuity payments, a portion of the capital gain will be taxable to the donor in the year of the gift.

Tax deductions and annual tax reports

Acknowledgment and tax letters will be sent to the donor from the ELCA at the time of the gift. The tax letter provides a summary of the calculation that determines the value of the annuity that qualifies as a charitable contribution. Though ELCA Foundation staff members are available to answer basic questions about the tax consequences of establishing charitable gift annuities, a donor should consult with a tax professional for clarification on the consequences of a specific gift.

After the end of each year an annuitant will receive a Form 1099-R for tax purposes. The 1099-R will indicate what portion of annuity payments is taxable as ordinary income and what portion is non-taxable. If securities were used for a charitable gift annuity of which the donor is an annuitant, a portion of the payments will be classified as capital gain income. The non-taxable portion is considered a return of the principal and extends through the years of annuitant life expectancy calculated at the time of the gift.

Should the annuitant die before actuarial projection, the remaining return-of-principal portion is allowed as a future deduction for the annuitant's final income tax return.

Backed by the ELCA Endowment Fund
The payments made under a charitable gift annuity agreement are general obligations of the ELCA Foundation and are backed by the full faith and credit of the Endowment Fund of the ELCA. Qualified charitable gift annuities are not insurance under the laws of most states and not subject to regulation by most state insurance departments. Qualified charitable gift annuities are not protected, insured or otherwise guaranteed by any state insurance department, state guaranty association, fund or other government entity.

For **Arizona** donors: Charitable gift annuities are not insurance under laws of the state and not subject to regulation and not protected by any state guarantee fund. The State of Arizona and the Department of Insurance have neither approved nor disapproved of the charitable gift annuity being offered and have not determined whether any of the information provided to the donor is truthful or complete.

For **Oklahoma** donors: 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.

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

ELCA history

The Evangelical Lutheran Church in America, incorporated in Minnesota in 1986 and located at 8765 West Higgins Road, Chicago, Illinois 60631, is a national church body that became operational in 1988 with the merger of the American Lutheran Church, the Lutheran Church in America and the Association of Evangelical Lutheran Churches. Management and direction of the business of the ELCA is vested in a board of directors known as the Church Council, which consists of 39 members. As of December 31, 2017, the ELCA has 3369 active gift annuity agreements: 1826 for one-life and 1543 for two-life annuities. Of these agreements, 47 were written by predecessor church bodies.

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Financial operations related to gift annuities

The entire gift amount is added to the ELCA Foundation charitable gift annuity reserves, which are structured as a single pooled fund, segregated from all other assets of the ELCA. Reserves for annuities originating with California donors are held in trust separately from the rest of the ELCA Foundation's annuity reserves, in compliance with that state's statutes and regulations.

The ELCA Foundation's charitable gift annuity reserves are invested in both equity and fixed income investments. The purpose of the equity asset class is to produce a long-term total return that will grow the real value of the principal over time. The purpose of the fixed income asset class is to provide income and reduce the volatility of the total charitable gift annuity investment portfolio. Investments are diversified in order to provide reasonable assurance that no single security or class of securities has a disproportionate impact on the overall portfolio. Investments of the ELCA's charitable gift annuity reserves are managed by the Board of Pensions of the ELCA, dba Portico Benefit Services. All other functions, such as accounting, annuity payment processing and tax reporting, are the responsibility of ELCA staff.

In certain instances, the ELCA may make the decision to reinsure all or a portion of a charitable gift annuity by using a portion of the assets contributed to purchase a commercial annuity.

For investments, administration and tax reporting, the ELCA assesses an annual administrative fee, which may change from time to time. Currently the annual administration assessment is 1%, charged monthly against the pool of charitable gift annuity funds. Also, during the termination process of each charitable gift annuity a 3% fee is assessed on the remainder value. For prudent operations and risk management of the pool, the ELCA may assess additional fees from time to time (e.g., pool risk audits, loss reserve or customized administration).

No commissions are paid to ELCA or ELCA Foundation representatives and compensation is not based on the number or value of gifts.

Each gift annuity agreement is governed by the laws of the state in which the donor resides at the time the gift annuity agreement is signed.

As of December 31, 2017, the charitable gift annuity reserves totaled \$57,542,409. The total gift value of the agreements was \$76,598,038. The ELCA's audited financial statements as of January 31, 2018, list unrestricted net assets of \$96,254,544. **Please contact the ELCA Foundation if you would like additional financial information, including the most current**

**audited and interim financial statements for the
Evangelical Lutheran Church in America.**

ELCA.org/foundation

Disclaimer

Charitable gift annuities and their invested assets are exempt from the registration requirements of federal securities laws, pursuant to the Philanthropy Protection Act of 1995 which exempts collective investment funds and similar funds maintained by charitable organizations.

Prospective donors to the ELCA for an irrevocable charitable gift annuity are advised to consult with their attorney or tax advisor. This disclosure statement does not constitute legal or tax advice. To ensure compliance with IRS requirements, be aware that any U.S. federal tax information contained in this disclosure statement 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.

Please contact your regional gift planner or the ELCA Foundation to find out if a charitable gift annuity can be established in your state through the Evangelical Lutheran Church in America.

The ELCA takes your right to privacy very seriously. We gather non-public personal information as we meet with you regarding your gift planning. The ELCA protects that information and provides access only as needed to fulfill the agreements we have with you and pursuant to the requirements of state regulatory authorities. It is possible that we may need to provide your information to a commercial insurer if we determine that the ELCA should reinsure your annuity. Other than for meeting the requirements of statutes or regulations in certain states or the possible purchase of reinsurance, we do not, nor ever will, share, sell, or otherwise compromise your personal non-public information.

Evangelical Lutheran Church in America
Attention: ELCA Foundation
8765 West Higgins Road
Chicago, IL 60631-4101
773-380-2700,
Fax: 773-380-2280
800-638-3522

elcafoundation@elca.org



Authorization Agreement for Direct Deposit

Account Information

I hereby authorize my debtor, Evangelical Lutheran Church in America, herein referred to as "Sender," to initiate Automated Clearing House (ACH) credit entries (and/or correcting debit entries) to my account for my life income agreement payments, such as annuity, pooled income fund, unitrust or annuity trust payments.

The following information pertains to my account to be credited:

Account Name:

Checking Account* **Money Market Account***

*Please attach a voided check.

Savings Account

Financial Institution Name

Street Address

City

State

ZIP Code

If this is a credit union, please list its phone number.

Bank Transit Routing Number (See lower left corner of bank checks.)

My Account Number

This authority is to remain in full effect until Sender or Financial Institution has received written notification from me of its termination in such time and manner as to afford Sender or Financial Institution a reasonable opportunity to act on it, or until Sender or Financial Institution has sent me ten (10) days written notice of Sender's or Financial Institution's termination of this arrangement.

Account Holder(s) (Please print account holder name(s) as it appears on the account.)

Account Holder(s) Signature(s)

Date

Social Security Number(s) of Account Holder(s)



Securities Instructions Sheet

For Electronically Transferred Stock

- Please use DTC Transfer Authorization Form #1 (on the reverse side) for gifts of publicly traded stock. **This form is intended for you to send to your broker.**
- Gifts of stock should be owned for more than twelve months.*
- Stock that is not publicly traded must receive prior approval from the ELCA Foundation, and no special form is available.
- For electronically transferred stock, the gift date is the date your stock arrives in the ELCA's account.
- For a gift comprised of multiple assets, the gift date is the date on which the last of the intended assets is received by the ELCA.

Securities with Decreased Value

- It is highly recommended that you sell the securities first.
- Recognize a capital loss for the difference between the purchase and sale prices.
- Donate the cash proceeds by writing a check payable to Evangelical Lutheran Church in America.

Securities with Increased Value

- Transfer the securities directly to the ELCA's account with Wells Fargo Advisors. DTC Transfer Authorization Form #1 provides the ELCA DTC information for you to give to your broker.
- Wells Fargo Advisors will sell the securities on the ELCA's behalf (therefore bypassing or avoiding tax on capital gain, depending on the type of gift).

To give other types of securities including stock certificates, mutual funds, bonds, etc., please e-mail Shawn Greene at shawn.greene@elca.org or call directly at 800-638-3522, ext. 2976.

* Contributed securities owned for 12 months or fewer are considered 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. Donors should be aware that if the stock or mutual fund shares they wish to donate include dividend reinvestment, part of the gift may be short-term securities.



ELCA Foundation
Evangelical Lutheran Church in America

DTC Transfer Authorization (Form #1)

This form is intended for you to send to your broker.

 Agent or Broker Name

 Street Address

 City State ZIP Code

Please accept this letter as authorization to DTC transfer the securities (detailed below) from my account to the Evangelical Lutheran Church in America’s account as follows:

Wells Fargo Advisors
 DTC Clearing #0141
 FBO Evangelical Lutheran Church in America
 Account # 5103-9400

Account Number

Securities

Please contact Shawn Greene, Gift Coordinator, ELCA, at shawn.greene@elca.org or 800-638-3522, ext. 2976, with the exact date the shares are transferred out of my account.

Sincerely,

 Donor Signature Date

 Second Donor Signature (if held jointly) Date Medallion Guarantee Stamp (if applicable)



ELCA Foundation
Evangelical Lutheran Church in America

8765 W. Higgins Road
Chicago, IL 60631-4101

773-380-2700 • FAX: 773-380-2280 • 800-638-3522
elcafoundation@elca.org
ELCA.org/foundation