Charitable Gift Annuity Program

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The Episcopal Diocese of Ohio
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THE EPISCOPAL DIOCESE OF OHIO

Charitable Gift Annuity Program

The Diocese of Ohio strives to help members and parishes to sustain and expand their ministry at all levels. The ministry of planned giving can be an important way for parishes and parishioners to strengthen this mission.

A Charitable Gift Annuity, a widely used gift planning tool, is especially helpful for donors who rely on their income and investments to make ends meet and also want to give generously to their parish. But administering gift annuity programs requires more time and expertise than most churches have or wish to devote to the effort. The Diocese of Ohio’s Charitable Gift Annuity program is designed so that all parishes, regardless of size, may participate.

This information describes the Charitable Gift Annuity Program. We offer it to anyone who wishes to benefit themselves, their parish, parish programs, and the larger Church.

Description of a Charitable Gift Annuity

A charitable gift annuity is a way to give generously to the Church and still receive income for life. A gift annuity is a contract between you and the Diocese of Ohio. In return for your irrevocable gift of cash or marketable securities, the Diocese agrees to pay you and/or another individual fixed income payments for life. Usually the person receiving payment, the annuitant, is also the donor, but this is not required. The rate of payment depends on the age or ages of the person or persons when the payments begin.

When the annuitant dies, the remainder in the gift annuity fund becomes the property of the charity, usually the donor’s parish. Once the irrevocable gift agreement is made, the annuitant is guaranteed the same fixed payments for the rest of his or her life.

Benefits to You and the Church

Gift annuities have become popular because they make generous giving possible and provide financial security for life. This works in four important ways. Donors:

1. Receive guaranteed payments for life – usually more than can be achieved through money market funds or certificates of deposit.
2. Save taxes. In the year you make your gift, you will be eligible for a substantial tax deduction. In most cases part of your income each year will also be tax free.
3. Create a lasting legacy of giving to the parish and Church.
4. Achieve peace of mind, knowing that during your lifetime your payments can never be reduced or taken away. Gift annuity rates are fixed for the annuitant’s life, regardless of whether the financial markets move up or down.
How the Charitable Gift Annuity Works at The Diocese of Ohio

In return for a transfer of money or securities, the Diocese agrees to pay the donor/annuitants a fixed amount of income every quarter for their lifetime/s. Payments are by check or direct deposit to the annuitant's bank account.

The minimum gift to establish a charitable gift annuity is $5,000. The minimum age when the annuitant may begin receiving payments is 65 years of age. The minimum age to establish a deferred gift annuity is 50 years of age, with payments beginning at age 65.

A gift annuity may be established in various ways depending on the immediate or longer term needs of the donor and annuitant. For example, payments may begin immediately or be deferred for a year or longer.

With the **Immediate Gift Annuity** the donor / annuitant receives the first payment at the end of the quarter in which they make the gift. Thereafter the donor / annuitant receives payments at the end of each quarter – on March 28, June 28, September 28, and December 28.

A **Deferred Gift Annuity** works like a regular gift annuity, except payments are postponed for at least one year after the annuity is established. By deferring the payments, the donor is entitled to both a higher charitable deduction on the income tax and higher fixed annual payments when they begin. The donor determines the length of the deferral period. This option is especially attractive when a donor is earning more income than he or she presently needs, wants to reduce their annual taxable income by making a charitable gift, and still be guaranteed income in the future when it is needed.

The donor may establish a gift annuity to pay one or two annuitants.

A "**single life**" agreement pays only one person for their lifetime.

A "**two lives in succession**" agreement pays person "A" and then if person "B" survives person "A", pays person "B". This version is often used by family members to designate a loved one, such as sisters, brothers, or a parent to be included as the second beneficiary.

A "**joint and survivor**" agreement pays two persons simultaneously with both names on the annuity payment check, each getting half of the payment. When the first person dies the survivor receives the full annuity amount. This may be used by married couples who file the joint tax return.

By designating a loved one to receive the payments either with you, instead of you, or only following your death, you can create a double gift – one to the Church and another to a relative or special friend.

**Individual Information**

To insure that you receive maximum benefit, the Diocese of Ohio offers gift annuities at rates that are recommended by The American Council on Gift Annuities (ACGA). If you would like a personalized illustration with the rate specific to your age, please contact Laura Hnat, Chief
Development Officer at 216-774-0463 or Lhnat@dohio.org. We are happy to answer any questions.

We urge every donor to discuss their giving plans with family members and enlist their involvement and support. For donors with significant net worth we encourage you to explore income producing and wealth transfer opportunities with your financial advisors in order to achieve the optimum outcome for you and your loved ones. In all cases, it is very important to seek professional advice when considering a very large gift, for example one that is 10% or more of your invested funds. The Diocesan Development Office is available to meet with you, discuss your options, and refer you to additional resources as desired.

**Investment Information**

All annuity investments are backed by the considerable investments of the Diocese of Ohio. In this way, donors may be assured that their payments will continue unabated throughout the life of their agreement. Each individual gift account will be separately tracked. The Diocese maintains gift annuity reserve funds so that there will always be sufficient resources to satisfy outstanding annuity obligations. The reserve funds are prudently invested by The Trustees according to an investment program requiring diversification across a range of options.

**Tax Benefits and Consequences**

There can be substantial and varied tax benefits when a donor establishes a Charitable Gift Annuity. Below is general information about these benefits. However, it is very important to review any tax or financial decisions with your advisors.

**INCOME TAX DEDUCTION**

If you itemize, you are entitled to a charitable deduction in the year you make your gift. The gift portion is generally the difference between the amount of money (or fair market value of long term securities) transferred to the Diocese and the value of the annuity. The value of the annuity is calculated using actuarial tables issued by the Treasury.

**CAPITAL GAIN IMPLICATIONS**

Capital gain is incurred when a gift annuity is funded with appreciated property. However, the gain is not all reportable in the year of transfer for the gift annuity, as it would be if the donor sold the property. Rather, it is reported ratably over the donor’s life expectancy when the annuity is non-assignable and the donor is an annuitant.

However, if the donor provides an annuity only for another, the gain is reportable in the year of transfer, not ratably. Even so, frequently no out-of-pocket tax need be paid on the gain in the year of sale because it is offset by the charitable contribution deduction.

**TAX TREATMENT OF PAYMENTS**

A portion of each annuity payment is tax-free – also determined by Treasury tables. The entire payment becomes taxable if the annuitant outlives his or her life expectancy. If the
annuitant dies before then, any unrecovered investment in the annuity is deductible as an itemized deduction on the annuitant's final income tax return.

ESTATE TAX BENEFIT

If an estate would otherwise be subject to federal estate tax, substantial estate tax savings can be achieved. An annuity for the donor's life is completely excludable from the donor's estate.

In a two-life annuity, if the donor is the first annuitant, the donor's estate is not subject to estate tax on the annuity if the second annuitant does not survive. If the second annuitant is a surviving U.S. citizen spouse, no amount is subject to estate tax.

For a two-life annuity in which the second annuitant is not a spouse, only the value of the survivor's annuity - what it would cost to purchase an annuity paying the survivor the same annual amount that was paid to the donor - is includable in the donor's estate. This value is based on the survivor's age at the donor's death. If no gift annuity were purchased, the entire amount used to purchase the annuity would be subject to estate tax.

THE SURVIVOR ANNUITANT'S INCOME TAX BENEFITS

The survivor receives the same amount tax-free each year as the donor did. In addition, the survivor gets an itemized federal income tax deduction spread over his or her life expectancy for a federal estate tax paid by the donor's estate on the value of the survivor's annuity.

The Diocese of Ohio
Laura Hnat
Chief Development Officer
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Cleveland, OH 44115
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CHARITABLE GIFT ANNUITY APPLICATION

1. Type of Annuity (please see instructions):
   __ Immediate pay
   __ Deferred Pay (payments to start: ____________)
   __ One Life
   __ Two Life:  __ Joint & Survivor    __ Successive Interests
   __ Donor(s) is/are the annuitants(s).  __ Donors(s) is/are NOT the annuitant(s).

2. Donor(s) Name(s):________________________
   Social Security Number(s)   ______-____-______  ______-____-______
   Date(s) of Birth:___________ _____________
   City/State/Zip __________________________
   Phone __________________________ email ________________________

3. Annuitant(s) The Diocese will make quarterly payments to: (if annuitant(s) is/are also the donor(s),
   omit repeating information from above):
   1st Annuitant Name:________________________
   Social Security # _____-____-______  Date of Birth _______________
   Address/City/State/Zip __________________________
   IF APPLICABLE
   2nd Annuitant Name _________________________
   Social Security # _____-____-______  Date of Birth _______________
   Address/City/State/Zip __________________________

4. Gift Amount (a $5,000 minimum gift is required): ________________________________
   __ Cash (Please make check payable to The Episcopal Diocese of Ohio
   __ Securities (describe) ______________________________________________________
   Acquisition Date __________________________ Cost Basis _________________________
5. Payout Option: (select one of the three payout options below):
   
   _ One Life (1 annuitant). Annuitant is named above.
   
   Two Lives (2 annuitants) – select one option below:
   _ Joint & Survivor (annuitants are named above)
   _ Two Lives in Succession (payments in succession to first annuitant; then to second annuitant upon the first annuitant’s death)
   
   First Recipient Name: _____________________________________________
   
   Second Recipient Name: ___________________________________________

6. Distribution of Charitable Remainder: (Select one or more.)

   At the death of the last annuitant, distribute what remains in my account to the following charitable beneficiaries:
   
   _____% to The Episcopal Diocese of Ohio (at least 10% is required)*
   
   _____% to:
   
   (Name of parish or entity)
   
   (Address/City/State/Zip)
   
   _____% to:

   Should the above named Episcopal parish/es or program/s no longer exist upon the death of the last annuitant, I instruct the Trustees of The Episcopal Diocese of Ohio to receive and distribute the remainder in a manner that is consistent with the intent of this contract.

   *The Diocese of Ohio guidelines require that it receive at least 10% of the charitable remainder because it administers the program and pledges its own assets against the obligation to make regular payments to donors. The Episcopal Church Foundation requires the same amount in administering its gift annuity program.

7. Irrevocability: I have read the information statement and other information provided to me by the Diocese of Ohio. I understand a charitable gift annuity is irrevocable. I also understand that, because this annuity involves a charitable gift, the annuity payout may be lower than rates available through commercial annuities.

8. Contract: Acceptance of this application and its terms will be delineated in a separate Gift Annuity Agreement, which will be issued by The Diocese of Ohio for execution by the parties.

9. Inform Charitable Beneficiaries:

   ___ Yes  ___ No  May The Diocese inform the charitable beneficiary(ies) of your gift?
   
   ___ Yes  ___ No  May The Diocese mention the value of your gift?

10. Signatures of Donor(s):

    ______________________________________________________________________

11. Date(s):

    ______________________________________________________________________
THE EPISCOPAL DIOCESE OF OHIO

Charitable Gift Annuity
Application Instructions

The following information is for clarification when completing the “Charitable Gift Annuity Application.”

1. Type of Annuity

Choose the option that applies to your situation. If you elect “Two Life” then you must also decide how you wish income payments to be distributed. If you choose “Joint & Survivor,” then one payment to both donors will be issued during both lifetimes. After one spouse dies, the survivor will receive the income payments. If you choose “Successive Interests,” then one payment to (a) for his/her life will be issued and then one payment payable to (b) if (a) predeceases (b).

2. Donor Information

Enter here the information that describes the current owner(s) of the property being used to fund the gift annuity, including the addresses, birthdates, and social security numbers.

3. Annuitants

Enter here the complete information that identifies the income beneficiaries, their addresses, birthdates, and social security numbers. If the annuitants are also the donors, you may leave this section blank.

4. Gift Amount

Enter here the information that describes the property (cash or stock) you will use to fund the gift annuity.

If using cash, enter the amount of money for which the check will be made out. Make the check payable to The Episcopal Diocese of Ohio and indicate on the memo line that it is for a “Charitable Gift Annuity.”

If using stock, The Diocese must know the company name, amount of shares, and date the shares were purchased. When using stock be sure to consult with the Diocese before transferring your gift to ensure the maximum tax benefit to the donor. On a separate sheet in this packet is delivery information for transferring shares of stock to the Diocese. The Diocese Planned Giving Office is available for consultation at 216-774-0466.

5. Payout Confirmation

If the annuity is for the life of one annuitant only, confirm by checking the appropriate box. If the annuity is payable to two annuitants, indicate how the payments will be made,
whether as joint and survivor or for two lives in succession. See the Charitable Gift Annuity Program description for more information.

6. Distribution of Charitable Remainder

At the death of the last income beneficiary, the principal will be released to The Diocese of Ohio and other Episcopal beneficiaries listed here. The Diocese’s guidelines require that at least 10% of the remainder be designated for The Diocese of Ohio. This offsets the costs The Diocese assumes in administering the gift annuity program and pledging its own unrestricted assets against the obligation to make quarterly payments to the donors.

You may select up to two Episcopal charitable beneficiaries to receive the remainder. In the case of larger annuities ($50,000 or more) we are happy to discuss adding other charitable beneficiaries.

7. Irrevocability

This section informs the donor of the irrevocability of an annuity.

8. Contract

The donor will receive a separate “Charitable Gift Annuity Contract,” executed by The Diocese of Ohio, to be signed by the parties involved. It will be the official and binding record of your gift annuity agreement.

9. Signatures

We appreciate your generous decision to support the Episcopal Church through a Charitable Gift Annuity! If you have questions or would like help in any way please contact:

Laura Hnat, Chief Development Officer
The Diocese of Ohio
2230 Euclid Avenue, Cleveland, Ohio, 44115.
Direct Dial: 216.774.0463
Lhnat@dohio.org
The Episcopal Diocese of Ohio

Donor Disclosure Form

Are family members aware of your charitable gift intention?  _ Yes  _ No

Comments: ____________________________________________

________________________________________________________________

Have you consulted with professional advisors about your gift?  _ Yes  _ No

Comments: ____________________________________________

________________________________________________________________

Do you have a will that is current in your state?  _ Yes  _ No

Comments: ____________________________________________

________________________________________________________________

Is your gift more than 10% of your overall estate?  _ Yes  _ No

Comments: ____________________________________________

________________________________________________________________

Donor Signature  ___________________________  Date

Donor Name (please print)

Additional Comments: ________________________________________

________________________________________________________________
THE EPISCOPAL DIOCESE OF OHIO

Legal Counsel Advisement

I (We) __________________________________________ (and) __________________________________________,
do hereby acknowledge that I (we) have been advised to seek advice and counsel from
professional advisors in all matters pertaining to estate and gift planning, including
those related to any gift made through The Episcopal Diocese of Ohio. I (we)
understand that attorneys retained by The Diocese represent the interests of the
Episcopal Diocese of Ohio and do not represent me (us).

______________________________  ______________________________
Signature                                          Date

______________________________
NAME (please print)

______________________________  ______________________________
Signature                                          Date

______________________________
NAME (please print)
THE EPISCOPAL DIOCESE OF OHIO

COMPLETING A GIFT WITH STOCK

A charitable gift of stock may provide tax savings while generously supporting one’s parish or The Diocese of Ohio. A gift of stock owned for more than one year entitles you to a charitable deduction for the full market value when the gift is made. It is important to inform the Development and Finance Offices before completing a stock gift transfer.

To complete a stock gift, follow the directions below or call Sue Leishman (216-774-0450):

The Diocese will act as agent for a parish receiving a stock gift. Inform CFO, Sue Leishman, when you begin the transaction.

1. If your broker holds the stock, instruct your broker in writing of the shares you wish to give. Send a copy of your letter to The Episcopal Diocese of Ohio (details below). Be sure to include your name or the donor’s name, address, and phone number.

2. To complete an ELECTRONIC TRANSFER, your broker will need the direct transfer code (DTC) number, which is below. Be sure your broker calls or writes The Diocese Stewardship Office concerning the pending transfer before completing the gift.

3. If you hold the stock certificate, send by registered mail the UNENDORSED CERTIFICATE to the U.S. Bank agent listed below. Include a letter stating that you are giving the stock, the number of shares, to whom and for what purpose.

   In a SEPARATE envelope, send a stock power signed exactly as your name appears on the stock certificate to the same U.S. Bank agent. Your broker will help you with this requirement. Separate envelopes ensure that the certificate cannot be stolen and used.

4. Information your broker will need:

   The Diocese uses the following firm to complete transfers:
   U.S. Bank
   Attn: Rajeania Egan, Account Manager
   (513) 632-4618
   4256 Walnut Street
   CN-OH-W51T
   Cincinnati, OH 45202
   513-632-4498

   Diocesan Account #: 001050972928
   DTC Code: 2803
   HWR IRS Tax ID #: 34-0714658

   Sue Leishman, Chief Financial Officer
   The Episcopal Diocese of Ohio
   2230 Euclid Avenue, Cleveland, Ohio 44115-2499
   Phone: (216) 774-0450; Fax: (216) 623.0735
   Email: sleishman@dohio.org

Please, be sure to inform The Episcopal Diocese of Ohio of all pending transfers.
Thank you for your generous gift!
THE EPISCOPAL DIOCESE OF OHIO

Gift Annuity Program

Authorization of Beneficiary for Direct Deposit of Payments

__________________________________________________________ Charitable Gift Annuity.
(Name of Donor/Annuitant/Other)

As a beneficiary of the above named fund, the undersigned hereby authorizes The Episcopal Diocese of Ohio and its banking agent to wire, by use of the Automated Clearing House System ("ACH"), distributions from the fund directly to the bank account listed below. This authorization shall remain in effect until written notice is given to The Episcopal Diocese of Ohio by the undersigned.

Signature of Beneficiary: ________________________________

Print Name: __________________________________________ Date: ________________

Street Address: _______________________________________

City/State/Zip: _______________________________________

Beneficiary’s Financial Institution Information

Name of Bank: _________________________________________

Depositor Account Number: ______________________________

Type of Account (check one) ______ Checking ______ Savings

Bank Address: _________________________________________

City/State/Zip: _______________________________________

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You must include a voided check, with an ABA routing number on the check, to which your payments will be made. This request cannot be completed without this information.

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