

Charitable Gift Annuity Disclosure

OVERVIEW:

The American Baptist Foundation (“Foundation”) is the planned giving organization of the American Baptist Churches USA. As such, the Foundation frequently accepts and administers gifts in the form of charitable gift annuities. Charitable gift annuities are irrevocable contracts, where income is paid to one or two designated beneficiaries for life. Qualified charitable gift annuities payments are backed by the "full faith and credit" of the American Baptist Foundation. These are not commercial insurance policies, but still are subject to regulation by various state insurance departments.

Any prospective donor should seek advice from an independent qualified estate and/or tax professional to determine if a gift annuity is right for you. This communication is not intended as legal or tax advice.

MANAGEMENT:

The Foundation manages all charitable gifts in an established pooled reserve fund. The pooled assets allocated among several mutual funds, which include individual mutual fund holdings and a mutual fund common trust fund. The target allocation of the entire portfolio is a blend of 60% stocks and 40% bonds (the actual allocation may vary by as much as plus or minus 15% in each category from the target). Long-term strategies of growth and principal preservation are the primary investment objectives. In most instances, annuity rates are determined under the assumption that the annuity payments may exceed the earnings of the reserve account. Hence, the final charitable distributions may be less than the original gift value.

SIZE (as of 12/31/2010):

Currently, the Foundation manages over 540 gift annuity agreements with over \$6 million in established reserve accounts. The Foundation also manages endowment funds and serves as trustee for charitable reminder trusts. The total of all assets under management exceeds \$92 Million.

RATES:

Annuity Rates. A fixed annuity payout is determined at the commencement of the annuity contract, based on a fixed percentage of the fair market value of the donated item and the age(s) of the donor and income recipients. The Foundation uses actuarially determined rates by the American Council on Gift Annuities (ACGA) to calculate the fixed annuity payments. The common standard of using the ACGA rate tables is accepted and recommended nationally. The Foundation believes that using these suggested rates protect the interests of both the income beneficiaries and the continued American Baptist ministries and missions.

TAX INFORMATION:

As the issuer of charitable gift annuities, the Foundation provides the necessary tax information on the portion of funding which qualifies a charitable gift. Each year the income beneficiaries will receive the necessary income information for reporting income tax purposes.

FREQUENCY OF PAYMENTS:

Annuity payments are scheduled to be paid monthly, quarterly, semi-annually or annually. Payments may begin immediately or deferred until a future date.

PARTICIPATION:

The minimum gift accepted is \$1000 for single life annuities and \$2000 for two-life annuities. There are no minimum age requirements neither are there limitations on the number of gift annuities that an individual donor may establish.

COMMISSIONS

No commissions or bonuses are paid to Foundation representatives based upon the number or size of agreements.

ANNUITY TERMINATION:

The annuity agreement terminates upon the death of the last contractual income beneficiary. The remainder value is calculated and then distributed to the designated charitable beneficiaries. If any payments are made after the death of an annuitant, those payments must be returned to the Foundation for distribution to the designated beneficiaries. At least 50% of the remainder must be assigned to ABC ministries.

SIGNATURE(S):

By signing below, I acknowledge receipt of this Disclosure Statement and that I have read and understand its contents.