

CHARITABLE GIFT ANNUITIES

Donor Information

January 1, 2024

The Missouri United Methodist Foundation

The gift services of the Missouri United Methodist Foundation (MUMF) are available to all individuals who wish to provide charitable gifts in support of the churches, related ministries and charitable organizations that share a connection to the United Methodist Church in Missouri. Our mission is to provide expanded opportunities for charitable giving and to serve as a mechanism for perpetual administration of endowment gifts.

MUMF is in its fourth decade administering Charitable Gift Annuities (CGAs) that provide donors with:

- Timely fixed payments (quarterly, semi-annual or annual) delivered by direct deposit
- Annual tax reporting information (Form 1099)
- A time-tested diversified long-term investment program for all CGA assets and CGA reserves
- Appropriate donor recognition (anonymity will be maintained if desired)
- An annual audit by an independent accounting firm

The gift annuity combines a charitable gift with a lifetime annuity. When you create your gift annuity, you typically may claim a current charitable income tax deduction (must itemize deductions). Subsequently, the gift annuity provides a payment stream for life (or the lives of two persons) that is guaranteed by MUMF and a portion of which may be tax-free (depending on the type of assets used to fund it). When the annuity terminates (i.e., death of annuitant) the remainder value is paid to the charitable organization(s) you have designated. A gift annuity may be funded with cash, appreciated securities, or other property. **New in 2023**, legislation now allows a one-time charitable distribution from an IRA (Individual Retirement Account) to fund a gift annuity.

In exchange for your gift, MUMF signs a contract agreeing to provide the stated annuity payments. This agreement is backed by MUMF's annuity reserves and general assets (currently valued over \$12 million). All annuitants are unsecured general creditors of MUMF. During the term of the annuity, all gift annuity funds are invested in the reserve. When the annuity terminates, the residuum (the value of your original gift, plus earnings, less payments and expenses) benefits the charity(ies) you have designated.

The value of your initial charitable gift is determined by subtracting the current value of your projected annuity payments from the current value of the assets used to create the gift annuity. This gift is deemed to be completed and irrevocable at the time the gift annuity is created and is, therefore, deductible for current income tax purposes and is not an asset of your estate.

Annuity payments are fixed in their amount and payable for the annuitant's lifetime (or the joint lifetimes of two annuitants). Most two-life annuities benefit married couples, but they can benefit two unrelated persons. MUMF follows the annuity rates recommended by the American Council on Gift Annuities. These rates are based on the age of the annuitant(s) at the time the annuity is created

and are intended to produce at least a 50 percent residual value to the charity. In any event, no matter how long the annuitant might live, MUMF is obligated to make the periodic annuity payments.

Typically, a portion of each annuity payment is taxable as ordinary income, and part is a tax-free return of the donor's original contribution (also known as the "basis in the contract" or "investment in the contract"). If long-term capital gain property is used to create the gift annuity, a portion of each annuity payment is taxed at the capital gains rate. If the gift annuity is funded with certain property (e.g., a farm product such as grain or a QCD from an IRA) then the entire payment is considered ordinary income.

The higher rates available to older persons and the fixed payments make gift annuities particularly attractive for seniors. Gift annuities are often funded with low-yield assets such as cash from a low-interest Certificate of Deposit or low-dividend stock. Thus, donors may be able to increase current cash flow while accomplishing their intended gift.

Gift annuities are appropriate for a wide range of gift values, even ranging into six and seven figures. Donors making a gift in excess of \$100,000 (especially when funded with highly appreciated capital gain property such as stocks or illiquid property such as real estate) may wish to consider as an alternative option a charitable remainder trust. Contact MUMF for more information about charitable remainder trusts.

Gift annuities are easy and cost-effective. Prior to finalizing a gift annuity agreement, MUMF provides a detailed illustration of your gift annuity for you to consider and discuss with your professional advisors. Then, simply complete an application and return it with your gift. Finally, MUMF will provide the gift annuity contract for your review and approval. Tax reporting information is also provided.

Deferred Charitable Gift Annuity

The Deferred Charitable Gift Annuity (DCGA), like the standard gift annuity, is a combination of a gift to charity and an annuity. With the DCGA, however, payments start at a date that is one or more years in the future. The payment start date may be fixed at the time the DCGA is created, or the start date can be determined at a later date by the annuitant within a pre-determined range of years (this is called a *Flexible DCGA*).

Annuity payment rates may be substantially higher with a DCGA due to the period of deferral. DCGAs are often attractive to persons in their 60's who do not need current income but would prefer a larger annuity payment at a future time. Many view the DCGA as a way to supplement retirement income. For additional information about DCGAs, please contact the MUMF office.

Medicaid Concerns

The Deficit Reduction Act of 2005 enacted substantial changes to the Medicaid eligibility rules. If you or your spouse are disabled, blind, or institutionalized, or are otherwise planning to enroll in Medicaid in the next 60 months, please note that certain transfers – including charitable gifts – may result in some period of ineligibility to receive Medicaid benefits. We strongly urge you to consult a qualified elder law attorney prior to creating a charitable gift annuity, charitable remainder trust, or other charitable gift arrangement.

Investment

Your charitable gift annuity payment is a fixed amount that will not vary and is not dependent on the investment returns of MUMF. The investment returns will, however, impact the residuum value that is ultimately paid to the charitable beneficiary(ies). The assets that are entrusted to MUMF are invested with care and prudence aimed at achieving return objectives within acceptable levels of risk.

MUMF maintains a diversified portfolio of investments to provide competitive investment performance results for all managed funds. MUMF takes seriously its stewardship responsibility as a manager of many different donor funds. Responsibility for managing MUMF's investment portfolio is vested in the Board of Trustees through its Investment Management Committee. The committee works closely with MUMF's professional investment advisors to set policy, establish performance benchmarks and continually monitor the performance of the MUMF's portfolio against these policies and benchmarks. MUMF invests assets with a strategic allocation among a variety of equity, fixed income and alternative investments.

All charitable gift annuities are pooled for investment in MUMF's Balanced Investment Fund. The Balanced Fund began in 1990. As of December 31, 2023, the **average annualized return** of the fund since its inception in 1990, **net** of all costs and fees, was **7.2%**. The Fund may invest directly in securities or through the use of mutual funds. All investments are subject to risk and may lose value. Past returns do not indicate or predict future performance.

Administrative Fee and Investment Costs

MUMF assesses an annual administrative fee of 0.65 percent (65 basis points) on the balance of all funds under administration. The administrative fee is calculated and deducted quarterly (1/4 of the annual amount) from each account. The administrative fee partially offsets operating expenses of MUMF (e.g., auditing, in-house accounting, account reporting and administration). The administrative fee is subject to modification and may be increased or decreased at the sole discretion of MUMF's Board of Trustees. The investment costs include all costs associated with the holdings of the Fund (i.e., mutual fund expense ratios) and investment advisory services. Investment costs are charged to the investment pool. The total annual investment costs for the Balanced Fund are projected to be 32 basis points (0.32%). Although MUMF strives to minimize costs, unforeseen costs may arise and portfolio holdings may change resulting in alteration of this projection.

Assets Under Management

An independent audit of MUMF assets is performed annually. Complete audits for current and prior years are available for review. Total assets under management are as follows:

	December 31, 2022	December 31, 2023
	Audited	Unaudited
Unrestricted Net Assets	13,564,141	14,813,668
Donor Restricted Net Assets	22,279,027	23,978,657
Agency Investment Accounts	69,170,974	75,592,222
Charitable Gift Annuities	1,643,201	2,324,792
Charitable Remainder Trusts	197,858	221,028
Other Assets	425,818	-
Total	107,281,019	116,930,367

Privacy Notice

In the course of arranging and administering the charitable gift annuity you have established with MUMF, we have occasion to obtain nonpublic information about you, as well as to keep records containing that information. Even though such information is necessary in order for us to fulfill our responsibilities, we regard it as confidential. Pursuant to the Gramm-Leach-Bliley Act of 1999, we are providing you with this notice to help you understand the nature of the information in question and the ways in which we honor your privacy.

Types of Nonpublic Personal Information Obtained -- We obtain information such as your date of birth, your Social Security number, and data related to the assets you have contributed for your gift annuity.

Methods Used to Obtain Information – The information is obtained orally, in writing and/or in other documents from you and, in certain cases, from persons or institutions you have authorized to provide us with information.

Disclosure of Information – Nonpublic personal information about you is disclosed to other persons or entities only as necessary and only as required or permitted by law. For example, such disclosure may occur when we engage advisors to assist us with questions that arise at the time a gift annuity is established or if we engage a financial institution in the administration of a gift annuity once it has been established. We require any person or entity that receives nonpublic personal information from us to treat such information as confidential. In order to thank and recognize donors and to encourage others to give charitably, the names of donors are published, with their consent, in the MUMF newsletter and annual report. No such publication of your name occurs, however, if you request anonymity.

Protection of Your Privacy – We insure that nonpublic personal information about you is available only to those who need it for purposes of enabling us to fulfill our responsibilities with regard to your gift annuity. We do this through a combination of procedural, physical, and technological safeguards designed to protect confidentiality.

If you have any questions about the information covered in this notice, please contact the MUMF office.

MUMF History and Mission

MUMF is a charitable nonprofit corporation organized and existing under the laws of the State of Missouri. MUMF was established and authorized in 1967 by the Missouri East and Missouri West Conferences of the United Methodist Church. The Missouri East and Missouri West Conferences officially merged into a single entity known as The Missouri Conference (“Conference”) effective January 1, 2003. The work of MUMF is directed by a Board of Trustees. The number of voting trustees may range from a minimum of 18 to a maximum of 24 divided into three classes. One class is nominated by the Board of Trustees and elected by the Conference each year.

MUMF was chartered for the general purpose of soliciting and receiving gifts, donations and bequests of money and property to be used for the furtherance of the religious, charitable and educational efforts and activities of the United Methodist Church in Missouri and elsewhere, including organizations that share common religious bonds and convictions with those of the United Methodist Church. MUMF is a qualified public charity and has established its exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

Federal Status: Public Charity (IRC Sections 501(c)(3) and 170(b)(1)(A)(vi))

State Status: Missouri Nonprofit Corporation (1967 – present); State Charter #N00007520

Federal Tax ID: 43-0899770

Missouri Tax ID: 13273621

A MUMF staff person would be delighted to visit with you about your gift and help make the necessary arrangements. Also, visit our website at www.mumf.org

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MUMF Current Year/Disclosure Statements & Donor Info/Donor Information CGA 2024