**Alabama Gift Annuity Disclosure Statement**

Description of a Gift Annuity

A gift annuity is a simple contract between the donor(s) and the ABC Charity. In exchange for the donor’s(s’) contribution, the ABC Charity promises to make fixed payments for life to one or two annuitants (usually, but not necessarily, the donor(s)). The amount paid is based on the age(s) of the annuitant(s), in accordance with the ABC Charity’s rate schedule.

Not a Commercial Investment

The act of establishing a gift annuity with the ABC Charity is not, and should not be viewed as, an investment. Rather, it is a way to arrange for annuity payments while making a charitable donation. In this respect, a gift annuity issued by the ABC Charity is different from a commercial annuity. While both types of annuities make payments that are usually partially tax-free, the charitable donation aspect of establishing a gift annuity may result in additional tax benefits that are not available when purchasing a commercial annuity. These tax benefits include a current federal income tax charitable deduction (if you itemize your deductions) and possible future estate tax savings.

Gift Annuity Rates

Generally, the gift annuity rates paid by the ABC Charity are those suggested by the American Council on Gift Annuities, 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(s) 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.

Assets Backing Annuity

The annuity payments are a general obligation of the ABC Charity, and they are backed by all of our assets (subject to security interests). As of [*indicate date*] the market value of our total invested funds exceeded $[*amount],* and they are invested in *[describe the general types of investments held by the organization such as stocks, bonds, money market funds, and federal obligations, but do not list assets by name*]. (*If applicable, include the following sentence about maintaining a reserve fund. Otherwise, delete it.*) We also maintain [*a gift annuity reserve* *fund* or *gift annuity reserve funds*] valued at more than $[*amount*] in accordance with the laws of the states in which we offer gift annuities. Assets received by the ABC Charity for gift annuities are managed [*either “internally”* or *say “by” and then name the financial institution*], in a conservative and disciplined manner. [*If a charity will always reinsure, delete the prior sentence and instead substitute*: The ABC Charity reinsures its gift annuities by using a portion of the assets contributed to purchase a commercial annuity.]  [*If a charity sometimes reinsures, retain the “Assets received by” sentence, and add:* In certain instances, the ABC Charity may make the decision to reinsure all or a portion of a gift annuity by using a portion of the assets contributed to purchase a commercial annuity.] If the ABC Charity should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of the ABC Charity.

Governance

Responsibility for governing the ABC Charity, which was established in [*indicate year*], is vested in a Board of [*Directors/Trustees*] composed of [*number*] persons, who are [*describe manner of selection*]. Common investment funds managed by our organization 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 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 right to annuity payments may not be assigned to any person or organization, other than the ABC Charity.
* The gift date is the date when you actually transfer assets. In the case of cash, it is the date you mail or deliver a check. In the case of an electronic transfer of securities, it is the date they are received into the account of the ABC Charity. If you have certificates, it is the date they are properly endorsed and mailed or delivered.
* The payments made under a charitable gift annuity are backed by the full faith and credit of the organization and are not issued or guaranteed by an insurance company or backed in any way by the State of Alabama.
* [*Provide information on present, pending, or threatened legal proceedings, if any known at time disclosure is given. If none, include the following statement: There are no present, pending or threatened legal proceedings.*]

**For More Information**

This disclosure statement is intended to provide basic information regarding the gift annuities issued by the ABC Charity, and is not intended to serve as legal advice. We encourage you to consult with your own legal and/or financial advisor about the applicability of such a gift in your own situation.

**Additional financial information about the ABC Charity, including its most current audited financial statement and interim financial statement, is available on request.**

Any questions concerning the ABC Charity’s gift annuity program, or requests for information, should be directed to: [*name/address/phone number/e-mail address*]

**Donor Acknowledgment**

I/We hereby acknowledge receipt of the above disclosure from the ABC Charity regarding charitable gift annuities, as required under the Philanthropy Protection Act of 1995 and by the State of Alabama.

Signature of Donor(s): \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_

SIGNATURE OF CHARITY:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date:\_\_\_\_\_\_\_\_\_\_\_\_\_[name/title of signatory]