

CATHOLIC  EXTENSION

Building Faith | Inspiring Hope | Igniting Change

November 15, 2018

Mr. & Mrs. Robert Clark
123 Anystreet
Anytown, SD 12345

Dear Mr. & Mrs. Clark,

On behalf of Catholic Church Extension Society, I thank you for your very generous support of Our Lady of Good Counsel in the Diocese of Example.

The proceeds from your gift will be used to establish the enclosed Catholic Gift Annuity #123123 dated November 1, 2018.

Our interpretation of the amount available to you as a charitable contribution for federal income tax purposes is \$3,406.10. This amount represents the difference between the value of the property described above and the value, calculated in accordance with IRS valuation tables, of the annuity payable under your gift annuity contract (\$6,593.90). Tax information is attached to the agreement. Please consult with your tax advisor before claiming a charitable deduction for your gift.

Please sign your name on **Page Three of both signature pages and have your signature witnessed. Promptly return the entire annuity contract and both signature pages to us in the enclosed business reply envelope for completion.** Then, we will sign the signature pages and return one fully executed agreement for your records.

We could not be more grateful to you for your outstanding generosity and your commitment to the future of the Catholic Church.

With prayerful best wishes, I am

Sincerely,



Reverend John J. Wall
President, Catholic Extension



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November 15, 2018

Dear Mr. & Mrs. Clark,

Thank you for the contribution to Catholic Church Extension Society of the United States of America (Catholic Extension) to establish a Catholic Gift Annuity to benefit the Diocese of Tyler. The payments set forth in the agreement are guaranteed and will be made to the persons named in the agreement for life.

The annuity payments are a general obligation of Catholic Extension and are backed by all of our assets. As of December 31, 2017, Catholic Extension's total assets exceeded \$178,200,000, and are invested generally in equities, bonds and federal obligations. Included in the total invested assets is a gift annuity reserve fund, the value of which exceeds \$ 28,000,000. The annuity reserve fund is invested in accordance with the laws of the states which regulate the issuance of charitable gift annuities. State Street Global Advisors is the administrator of our fund.

Catholic Extension has been issuing annuities for over 100 years and we have never missed a payment. Responsibility for governing the organization is vested in our Board of Governors.

Common investment funds managed by Catholic Extension are exempt from registration requirements of the federal securities laws pursuant to the Philanthropy Protection Act of 1995. Information in this letter is provided to you in accordance with the requirements of that Act.

We would be pleased to provide any additional information at your request.

Sincerely,

Kevin P. McGowan
Chief Financial Officer

Catholic Gift Annuity, Administered by
Catholic Church Extension Society
GIFT ANNUITY AGREEMENT #123123

**Two Lives - Joint and Survivor
Funded with Jointly-Owned or Community Property
Immediate Payments**

Notice to Donors: Charitable gift annuities are not regulated by and are not under the jurisdiction of the South Dakota division of insurance.

This Agreement is made between Robert Clark and Janice Clark of 123 Anystreet, Anytown, SD 12345 (hereinafter "the Donors"), and Catholic Gift Annuity, Administered by Catholic Church Extension Society, of 150 S. Wacker Dr., Suite 2000, Chicago, IL 60606 (hereinafter "Catholic Gift Annuity").

1. Transfer of Property by Donors

Catholic Gift Annuity certifies that the Donors, as an evidence of their desire to support the work of Catholic Gift Annuity and to make a charitable gift, on July 17, 2018 contributed to Catholic Gift Annuity the property described in Schedule A attached hereto, the fair market value of which is \$10,000.00.

2. Payment of Annuity

In consideration of the property transferred by the Donors, Catholic Gift Annuity shall pay to the Donors during their joint lives, and then to the survivor during his or her life, an annual annuity of \$500.00 from the date of this Agreement.

3. Payment Dates; First Installment

The annuity shall be paid in semiannual installments of \$250.00. The first installment shall be payable on December 31, 2018 in the amount of \$228.26, prorated on the basis of the number of days in the initial payment period. Subsequent installments beginning on June 30, 2019 and continuing every half-year thereafter shall be in the full amount of \$250.00.

4. Birth Dates of Donors

The birth date of Robert Clark is January 2, 1949. The birth date of Janice Clark is December 15, 1947.

5. Payment Correction

If the stated birth date of either of the Donors should be found to be incorrect at any time, the amount payable or benefit accruing under this Agreement shall be such as would have been provided according to the correct birth date. If any underpayment or overpayment has been made on account of such misstatement, any such underpayment shall promptly be paid to the Donor(s), and any such overpayment shall be charged against the current and/or next succeeding payment(s) to the Donor(s).

Robert & Janice Clark

Annuity#123123

6. Irrevocability; Non-assignability; Termination

This annuity is irrevocable and non-assignable, except that it may be assigned to Catholic Gift Annuity. Catholic Gift Annuity's obligation under this Agreement shall terminate with the regular payment preceding the death of the survivor of the Donors. With respect to the first of the Donors to die, the obligation to pay such Donor any share of the annuity shall terminate with the regular payment preceding the death of such Donor, and all following payments shall be payable to the survivor of the Donors, during such surviving Donor's lifetime.

7. Uses and Purposes of Gift

The payment of the annuity described in this Agreement shall be a general obligation of Catholic Gift Annuity. Except as may be specifically required by applicable state law, the property described in Schedule A shall be restricted for use by Catholic Gift Annuity program. Any residuum will be distributed as specified in Schedule A of this agreement.

8. Entire Agreement; Governing Law

This Agreement, together with Schedule A attached hereto, constitutes the entire agreement of the parties. Any calculations provided to the Donor are for illustration purposes only and are not incorporated into this Agreement. Except as may be specifically otherwise required by any statute governing charitable gift annuities in effect in the state of residence of the Donor at the time of this Agreement, this Agreement shall be governed by the laws of the state of Illinois. Any action under this Agreement shall be in the State of Illinois. The parties submit to jurisdiction in any Illinois court and waive any objection to such venue.

This Agreement is effective as of November 1, 2018.

IN WITNESS WHEREOF, Catholic Gift Annuity and Donor have executed this Gift Annuity Agreement No. 123123 in two counterparts, each of which shall be deemed an original, on the date first stated above.

DONORS:

Catholic Gift Annuity, Administered by
Catholic Church Extension Society
of the United States of America:

Robert Clark

By: _____
Kevin P. McGowan
Chief Financial Officer

Janice Clark

WITNESSED:

By:

(Name of Witness) please print

(Address)

(City, State, Zip)

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Chief Financial Officer

Janice Clark

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By: _____

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(City, State, Zip)

**Gift Annuity Agreement Between
Robert Clark and Janice Clark and
Catholic Gift Annuity, Administered by
Catholic Church Extension Society**

SCHEDULE A

The following assets were irrevocably given to Catholic Gift Annuity, by the Donor, Robert Clark and Janice Clark under Gift Annuity Agreement #123123 on the gift date 11/1/2018.

Description of Property

\$10,000.00 Cash

Distribution of Residuum Upon Termination of Agreement

<u>Percent of Residuum</u>	<u>Charitable Organization and Address *</u>
90%	Our Lady of Good Counsel in the Diocese of Example Catholic Gift Annuity Reserve
10%	
<u>100%</u>	Total



CATHOLIC GIFT ANNUITY
Administered by Catholic Church Extension Society
Taxation of Gift Annuity Payments

Prepared for:
 Robert & Janice Clark
 November 1, 2018
Annuity#123123

5% Charitable Gift Annuity

ASSUMPTIONS:

Annuitants	[1/2/1949] 70
Date of Gift	[12/15/1947] 71 7/17/2018
Cash Donated	\$10,000.00
Payout Rate from ACGA2018 Table	5%
Payment Schedule	semiannual at end

CALCULATIONS:

Charitable Deduction	\$3,406.10
Number of Payments in First Year	1
Days in First Semiannual Period (7/1/2018 to 12/31/2018)	184
Days of Payment Credit in First Semiannual Period (7/17/2018 to 12/31/2018)	168
Annuity	\$500.00
Semiannual Payment	\$250.00
First Partial Payment on 12/31/2018 (168/184 x \$250.00)	\$228.26

BREAKDOWN OF ANNUITY:

	Tax-free Portion	Ordinary Income	Total Annuity
2018 to 2018	150.42	77.84	228.26
2019 to 2037	329.50	170.50	500.00
2038 to 2038	182.98	317.02	500.00
2039 onward	0.00	500.00	500.00

After 20.0 years, the entire annuity becomes ordinary income.

Basic Gift Illustrations

Prepared by: BA

IRS Discount Rate is 3.4%

These calculations are for illustration purposes only and should not be considered legal, accounting, or other professional advice. Your actual benefits may vary depending on several factors, including the timing of your gift.