

**THE UNITED METHODIST
STEWARDSHIP FOUNDATION**
**CHARITABLE GIFT ANNUITY
DISCLOSURE STATEMENT**

The Rev. Phyllis M. Bowers, Executive Director

THE UNITED METHODIST STEWARDSHIP FOUNDATION
SERVING THE SUSQUEHANNA CONFERENCE

CHARITABLE GIFT ANNUITY DISCLOSURE STATEMENT

Description of a Gift Annuity

A gift annuity is a simple contract between the donor(s) and The United Methodist Stewardship Foundation, Serving the Susquehanna Conference (“The Stewardship Foundation”). In exchange for the contribution made by the donor(s), The Stewardship Foundation 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 Stewardship Foundation’s rate schedule.

Not a Commercial Investment

The act of establishing a gift annuity with The Stewardship Foundation 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 Stewardship Foundation 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 Stewardship Foundation 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 Stewardship Foundation, and they are backed by all of our assets (subject to security interests). As of 12-31-2010, the market value of our total invested funds exceeded \$21 million and they are invested in stocks, bonds, money market funds, and federal obligations. Assets received by The Stewardship Foundation for gift annuities are managed by PNC Institutional Investments and Wealth Management Group in a conservative and disciplined manner. If The Stewardship Foundation should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of The Stewardship Foundation.

Governance

Responsibility for governing The Stewardship Foundation, which was established August 5, 1993, is vested in a Board of Directors composed of sixteen persons, four of whom are appointed because of offices held in the Susquehanna Conference of The United Methodist Church and twelve of whom are elected at-large during the Annual Meeting of The Stewardship Foundation. The Stewardship Foundation has no power or authority whatever to obligate the Susquehanna Conference of The United Methodist Church on any contract or agreement or for any financial commitments of any character or description. Common investment funds managed by The Stewardship Foundation 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.

The Stewardship Foundation's Use of Gift Annuity Contributions

When The Stewardship Foundation receives a contribution for a gift annuity, the entire amount, less any portion as described in the next paragraph, is invested in The Stewardship Foundation's Gift Annuity Fund. The Stewardship Foundation also maintains a Gift Annuity Reserve, which is a separate account established to provide security for the making of payments if a gift annuity no longer has any of its contribution remaining in the Gift Annuity Fund. (Note: As determined by The Stewardship Foundation's Board of Directors, Assets in the Gift Annuity Reserve may be used to fund The Stewardship Foundation Endowment Fund.)

When a gift annuity is established, The Stewardship Foundation may use a portion of the contribution to augment its Gift Annuity Reserve. The particular portion used shall be determined from time to time by The Stewardship Foundation's Board of Directors. Currently, the portion used is 5.0%.

In addition, The Stewardship Foundation shall be entitled to receive an annual administrative service fee based on the market value of the Gift Annuity Fund as of the last day of each month. The Stewardship Foundation's Board of Directors shall from time to time establish the amount of the fee. Currently, the fee is 85 basis points per year. The Stewardship Foundation may also draw upon the Gift Annuity Fund to pay expenses associated with the external investment and management of the assets in the Gift Annuity Fund. The fee currently paid to PNC Institutional Investments and Wealth Management Group is 60 basis points per year.

Finally, upon termination of a gift annuity, The Stewardship Foundation may use a portion of what remains of the contribution for the annuity to further augment the Gift Annuity Reserve. The particular portion used shall be determined from time to time by The Stewardship Foundation's Board of Directors. Currently, the portion used is 5.0%. The balance of what remains of the contribution for the annuity shall be distributed from the Gift Annuity Fund for the purposes set forth in the Gift Annuity Agreement.

None of the amounts described above will reduce the size of any payment made to the annuitant(s) pursuant to the Gift Annuity Agreement.

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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 Stewardship Foundation.
- 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 Stewardship Foundation. If you have certificates, it is the date they are properly endorsed and mailed or delivered.
- The gift annuity is governed by the laws of the Commonwealth of Pennsylvania.

For More Information

This Disclosure Statement is intended to provide basic information regarding the gift annuities issued by The Stewardship Foundation. If you have additional questions concerning The Stewardship Foundation's gift annuity program, please call or write:



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