

LIFETIME ADVANTAGE



MOODY STEWARDSHIP
A Ministry of Moody Bible Institute

Gifts of a Lifetime

Recent years have shown the importance of making sound investments—high risk rarely equals high reward. What you need is a reliable investment opportunity that will yield reliable benefits for you, your loved ones, and even in the work of Christ around the globe.

Moody Bible Institute offers several charitable giving opportunities, which provide a secure stream of income for you, and at the same time allows you to make a substantial investment in efforts for eternal impact.

The charitable remainder unitrust, the Moody Gift Annuity, and the Moody Pooled Income Fund each provide lifetime income to you or your designated beneficiary. They also provide considerable estate and income tax savings and the satisfaction of knowing your gifts benefit Moody Bible Institute and help train students to reach the world for Christ. Each of these giving options has unique features, and this brochure will help you decide which option is best for you.

The Charitable Remainder Unitrust

A charitable remainder unitrust is an irrevocable trust set up by an individual to pay income to himself and/or a beneficiary or beneficiaries. The amount paid is based on the fair market value of the assets. A unitrust can be funded with cash, appreciated real estate, publicly traded stock, closely held stock, bonds including tax-exempt bonds, and certain other assets.

Determining Your Income

The amount of income paid by the unitrust is equal to a fixed percentage of the fair market value of the trust assets determined annually. Since the trust is revalued annually and the percentage applied to the new value, there is a possibility the income stream payable to the beneficiaries will grow over time. The fixed percentage, that must be at least 5%, is determined by the donor when the trust is established. The donor receives an immediate income tax charitable deduction determined by the value of the assets placed into the trust, the ages of the beneficiaries, and the percent used to determine the income payment. Like any charitable gift, this deduction is limited to 50% of the donor's adjusted gross income (AGI) for a cash gift and 30% of AGI for an appreciated property gift. Any excess deduction can be carried over for up to five years.

A unitrust may continue for the lives of the beneficiaries, or it may be established for a specific term of years, with a maximum of twenty years. When the trust terminates, the assets of the unitrust are distributed to Moody Bible Institute. Other charities may also be named to receive a part of the unitrust remainder.

Funding with Appreciated Property

Appreciated property, including real estate can be donated to a charitable remainder unitrust. No capital gains tax is payable when the property is placed in the trust or when the trust sells the property. Thus, the entire value of the assets contributed can be invested to produce income for the beneficiaries. This feature makes the charitable remainder unitrust particularly attractive to donors who hold low income producing, highly appreciated real estate or securities.

Created to Benefit You

Since each charitable remainder unitrust is a separately managed trust, this charitable giving alternative can be customized in many ways to produce the particular benefits most attractive to you. For example, a donor who wishes to receive a larger charitable deduction, or who wants his income stream to grow faster will select a lower income payment percentage. An older donor who wants to receive maximum income payments now may select a higher payout percentage. A customized investment approach can be used to make a charitable remainder unitrust function as a retirement savings vehicle. A charitable remainder unitrust may be set up to receive retirement assets at death, thus avoiding the deferred income tax on those assets. A term of years unitrust can be established for multiple beneficiaries or for a class of beneficiaries (e.g., all of my grandchildren). Because the charitable remainder trust is separately managed, a larger minimum contribution is required.

Example of a Charitable Remainder Unitrust

Mr. and Mrs. Macmillan, in their late 60s, own a duplex with a value of approximately \$150,000, which produces a net income of \$6,500 per year. If the Macmillans sell the property, the capital gains tax could be as much as \$22,500.

By placing the duplex in a charitable remainder unitrust with Moody Bible Institute, 5 percent of the annual value can be paid to the Macmillans for life. The property can then be sold, avoiding all capital gains tax. Their annual lifetime income will be \$7,500, an increase over the \$6,500 they now receive.

Their immediate income tax deduction will be approximately \$57,800, which they may use in the year of their gift, or carry it forward for up to five

years. The entire amount of the unitrust will pass free of estate tax with the remainder interest going to Moody Bible Institute.

The Moody Gift Annuity

A gift annuity is an arrangement whereby a donor gives a sum of money or property to Moody Bible Institute and receives a fixed, lifetime income from Moody. A single-life annuity pays income to one individual throughout his or her lifetime. A two-life annuity pays income for the life of the annuitant and then continues payments to a second named annuitant.

Like other charitable life income gifts, the donor receives an immediate income tax deduction in the year of the gift. Unlike the Pooled Income Fund and the Charitable Remainder Unitrust, the income payment from the Gift Annuity is fixed. It will not vary and it is not dependent upon the income earned in a particular trust or fund. This feature may be particularly attractive to donors age 65 and over. For these donors, the annuity rates compare favorably to certificates of deposits and other fixed income investments. In contrast, a younger donor may prefer the Deferred Gift Annuity or Pooled Income Fund. The minimum gift for a Moody Gift Annuity is \$5,000, which makes this option available to many donors.

Example of a Two-Life Gift Annuity

Mr. and Mrs. Jones, both 75 years old, would like to contribute a gift of \$10,000 to Moody Bible Institute in exchange for a gift annuity. This annuity will pay the couple 6.3% or \$630 per year for the rest of their lives. \$413 of that income will be tax-free return of principal for approximately 16 years. In addition, they will receive a current charitable deduction of \$3,200.

The Moody Deferred Gift Annuity

Deferred annuities allow the donor to make a gift and defer income to a later (designated) date, while still receiving an income tax deduction. Annuity rates are much higher on deferred gift annuity agreements, making them an excellent retirement supplement.

The Moody Bible Institute Pooled Income Fund

Moody Bible Institute established its first pooled income fund on July 1, 1972. Since that time, donors to the fund have enjoyed gradually increasing income payments. Friends of Moody may transfer cash or appreciated publicly traded securities to the fund. The donor may designate himself as beneficiary, or he may designate a loved one to receive the income payments that will continue for one or two lives.

Funds contributed to the pooled income fund are added to the gifts of others and invested in a diversified portfolio. The actual income earned in the portfolio is distributed to all of the beneficiaries on a quarterly basis. The gift is irrevocable, and when a beneficiary dies, their interest in the fund is distributed to Moody.

The Moody Pooled Income Fund seeks to provide its income beneficiaries with a moderate level of income along with some capital appreciation. In the recent ten-year period, the average annual income earned by the Fund has been 5% and the average annual total return of the funds has been 10%. Further information on the investments held in these Funds and the historic returns are available upon request.

As with similar investment programs, neither the amount of income nor the total return of the Funds can be guaranteed. As trustee of the funds, Moody Bible Institute is committed to following a consistent investment strategy designed to produce a growing stream of income for the beneficiaries. However in any given year, the income may decline. Donors who prefer a guaranteed payment should consider the Moody Gift Annuity.

Lifetime Advantages to You

A gift to Moody's Pooled Income Fund provides several lifetime advantages to you. An income tax deduction is allowed for a portion of your gift in the year the gift is made. Capital gains tax is avoided when you donate appreciated publicly traded securities to the fund. You or your beneficiary enjoy a stream of income that is likely to grow from year to year. This feature makes the Pooled Income Fund particularly attractive for younger beneficiaries. The minimum gift to the Moody Pooled Income Fund is \$5,000.

How to Take Advantage Now

The Moody Stewardship Department stands ready to assist you in your planning. Please contact us for further information. Call our toll free number and ask for the Stewardship Department, 1-800-DL-MOODY. Moody has Stewardship Representatives who can call on you in your home or office to discuss your giving options and estate planning needs.



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