



## **Charitable Gift Annuity Disclosure Statement**

### **Description of a Gift Annuity**

A gift annuity is a simple contract between the donor(s) and CAL FARLEY'S BOYS RANCH FOUNDATION (hereinafter "Foundation"). In exchange for the donor's(s') contribution, the Foundation promises to make fixed, guaranteed 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 Foundation's rate schedule.

### **Not a Commercial Investment**

The act of establishing a gift annuity with the 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 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 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 Foundation, and they are backed by all of our assets (subject to security interests). On 12/31/19, our total invested funds exceeded \$378,000,000 and they are invested primarily in stocks, bonds, and federal obligations. We also maintain a gift annuity reserve fund valued at

more than \$3,032,000 that is invested in accordance with the laws of the states in which we offer gift annuities. Assets received by the Foundation for gift annuities are managed internally, in a conservative and disciplined manner. If the Foundation should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of the Foundation.

### **Governance**

Responsibility for governing the Foundation, which was established in 1960, is vested in a Board of Directors comprised of nine persons, who are elected by the membership. 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 letter is provided to you in accordance with the requirements of that Act.

### **Points to Remember**

A contribution for a gift annuity is irrevocable. The principal you contribute cannot be returned to you. The right to annuity payments may not be assigned to any person or organization, other than the 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 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 state in which you reside at the time the gift annuity agreement is signed.

### **For More Information**

This disclosure statement is intended to provide basic information regarding the gift annuities issued by the Foundation, and is not intended to serve as legal advice. We encourage you to consult your own legal and/or financial advisor about the applicability of such a gift in your own situation. If you have additional questions concerning the Foundation's gift annuity program, please call or write Travis McClure, Director, Planned Giving, Cal Farley's Boys Ranch, 600 SW. 11th Street, Amarillo, TX 79101 (806) 322-2543.