POOLED INCOME FUND

Give and you shall receive.

If you wish

"If you wish to be perfect, go, sell your possessions, and give the money to the poor, and you will have treasure in heaven; then come, follow me."

—Matthew 19:21

EPISCOPAL CHURCH FOUNDATION
empowering congregations

475 Riverside Drive, Suite 750, New York, NY 10115

Tel: 800-697-2858 | *Fax:* 212-297-0142

Email: giving@EpiscopalFoundation.org | *Website:* www.EpiscopalFoundation.org

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The righteous

"The righteous give and do not hold back."

—Proverbs 21:26

Privacy Notice

The Episcopal Church Foundation is committed to full legal compliance with respect to protecting the privacy of the information that you have entrusted to us.

We collect nonpublic personal, financial and statistical information about you from the following sources:

- Application or other forms you complete and give to us
- Transactions you make with us, our agents and sub-agents
- Consumer reporting agencies

We do not disclose any nonpublic, personal, financial information about you to anyone, except as required by law.

We restrict access to nonpublic, personal, financial information about you to those employees who need to know that information in order to provide products or services to you. We maintain physical, electronic and procedural safeguards that comply with federal and state regulations to guard your nonpublic personal information.

GENERAL INFORMATION

Introduction

The Episcopal Church Foundation was founded in 1949 by the Presiding Bishop Henry Knox Sherrill. ECF is an independent, lay-led organization that helps congregations and other Episcopal groups develop leadership and financial resources for ministry.

Through its ministry of planned giving, ECF assists Episcopal churches, dioceses, schools and church-related organizations to secure the funds they need to sustain and expand their mission.

A diverse board of directors from across the nation who are prominent lay leaders in their communities govern ECF. ECF offers a pooled income fund, charitable gift annuities, charitable remainder unitrusts, charitable remainder annuity trusts and charitable lead trusts to Episcopalians around the country who wish to use those planned gifts to benefit themselves and their local parishes, dioceses or mission agencies.

The following pages provide you, a prospective donor, with information about ECF's Pooled Income Fund and how you might participate in it.

Episcopal Church Foundation Pooled Income Fund

This booklet provides you, the prospective donor, with information about the Episcopal Church Foundation's Pooled Income Fund. Additional information is found in the Episcopal Church Foundation's Pooled Income Fund Trust Agreement dated November 24, 1975, (Trust Agreement) and the Life Income Agreement that you will be asked to sign at the time you make your gift. The Trust Agreement may be amended at any time by ECF, but amendments will only be made when necessary to ensure that the Fund continues to qualify as a pooled income fund under section 642(c)(5) of the Internal Revenue Code of 1986 ("Code") and the corresponding Treasury regulations.

The Episcopal Church Foundation ("ECF") established the Episcopal Church Foundation Pooled Income Fund ("Fund") by the Trust Agreement. The Episcopal Church Foundation and *State Street Bank and Trust Company of Boston, Massachusetts,* are currently serving as the Trustees. ECF has retained the right required by Treasury regulations to change the co-trustee or appoint another trustee to serve alone at any time. ECF can also elect to serve as sole trustee. Your gift to the Fund will be governed by the Trust Agreement and your Life Income Agreement.

Description of a Pooled Income Fund

A pooled income fund "pools" your gift with others and is invested by a team of professionals. The fund pays you and/or chosen beneficiaries an income for life based on the performance of the investments. At the death of the final beneficiary, the principal becomes a gift to the designated organization(s).

Advantages of a Pooled Income Fund

Through a pooled income fund you receive a number of advantages.

- Your funds are invested by professional managers in a diverse portfolio to minimize risk and respond positively to inflation.
- You and/or your designated beneficiaries receive an income for life.
- You receive a one-time income tax deduction.
- You do not pay capital gains taxes if your gift is funded with appreciated assets.
- Your estate and inheritance taxes may be reduced.

Features of the Pooled Income Fund

- The minimum gift to the Fund is $2,500.
- You can add to the Pooled Income Fund at any time in minimum increments of $1,000.
- Each donor receives a pro-rata share of the income generated by the Fund's investments. All income generated by the Fund must be distributed to the donors and is distributed to the donors and their beneficiaries each quarter.
- Anyone living at the time of the gift may be named an income beneficiary; however, the more beneficiaries you name, the lower the income tax deduction.
- You can name as your final beneficiary your local church, diocese, national or international mission work of the Episcopal Church, Episcopal schools, charities, or any other agency or organization affiliated with the Episcopal Church.

- Your gift to the Fund is an irrevocable trust agreement. You cannot get your donation back, nor can you change the individual(s) who receive income from your gift.
- At the death of the final beneficiary, your share of the Pooled Income Fund leaves the Fund and goes to the entites that you have designated.

Investment Policy and Management

The current investment objective of the Fund is to maximize current income to the extent consistent with achieving modest growth of principal. It is anticipated that principal growth will increase Fund income over time. The Fund's income and the value of its assets will necessarily fluctuate with changes in economic and market conditions. The trustees manage and administer gifts to the Fund in accordance with the Trust Agreement and Life Income Agreements. The trustees have complete discretion to determine whether to retain or sell any property transferred to the Fund.

Fund principal is invested in one or more of the common trust funds of *State Street Bank and Trust Company*, ECF's co-trustee. The trustees currently invest the Fund in bank funds, the holdings of which range between 70% and 90% in bonds and 10% to 30% in common stocks. Bonds are usually U.S. Treasury notes of varying maturities or corporate bonds with a Baa or better rating. Investments and the investment mix between bonds and common stocks may change from time to time.

There is currently an annual 1/2% investment management and administration fee paid from the principal of the Fund to ECF. There are also some fees paid to *State Street Bank and Trust Company* for its management of the Fund's investments and its accounting and custodial services. Payment of fees indirectly reduces the Fund's net income that is available to you or your beneficiary to a small extent because it reduces the amount of Fund assets available to earn income.

The assets of the Fund may be invested jointly with other property that is not a part of the Fund which is held by or for the use of ECF. In the event of such investment, detailed accounting records will be maintained identifying the portion of the jointly invested property owned by the Fund and the income earned by, and attributable to, such portion.

How the Pooled Income Fund Operates

The Fund is divided into units. Your gift will get a proportionate interest in the Fund represented by the number of units allocated to the gift based on the fair market value of the gift on the date it enters the Fund. The value of a unit in the Fund is determined by dividing the fair market value of all property in the Fund by the number of the units then in the Fund. The Fund's assets are valued quarterly.

Gifts that enter the Fund on a date other than a valuation date shall be assigned units based on a method whereby the fair market value of the property in the Fund on the date of transfer is deemed to be the average of the fair market values of the property in the Fund on the valuation dates immediately preceding and succeeding the date of transfer.

Once determined, the number of units assigned to each life income gift will not change, but the unit value changes as the value of the Fund assets changes.

Income is distributed ratably to the Fund's income beneficiaries no later than the fifteenth day following the end of each calendar quarter. The agreement by which the transfer to the Fund is made provides that income is to be paid for the life of the income beneficiary(ies). If desired, you can provide life income for a survivor or concurrent beneficiary or to beneficiaries other than you. Any gift to the Pooled Income Fund is irrevocable and cannot be changed except that you may retain the right to revoke (by will only) the interest of any survivor income beneficiary.

Federal Tax Consequences in Brief

The following brief outline of the federal tax considerations involved in a gift to the Fund has been reviewed by counsel and is believed to be correct at the time these documents were produced. Prospective donors to the Fund should consult their own tax advisors concerning their individual tax situations and applicable state tax laws.

INCOME TAX

If you itemize, you are entitled to a charitable deduction in the year that your gift to the Fund is completed. The amount of the deduction is determined by official Treasury tables that discount your gift by the value of the life income interest. The value of the "remainder interest"— the charitable beneficiaries right to receive the gift assets at the termination of the life income interest—depends on the age of the income beneficiary or beneficiaries and on the highest annual rate of return of our Fund for the three years preceding the year of the gift.

Generally, the amount of the charitable deduction decreases as the duration of the life income interests increase. For example, the deduction is smaller if payments are made to you and a survivor beneficiary rather than to you only. The older a beneficiary at the time a gift is made to the Fund, the larger the charitable deduction will be.

If you transfer cash to the Fund, your contribution is deductible up to 50% of your adjusted gross income with a five-year carryover for any excess. If, however, you make the gift with long-term appreciated securities (securities held more than one year), the contribution is deductible up to 30% of your adjusted gross income with a five-year carryover for any excess.

If you transfer appreciated securities held short-term (securities held one year or less), the cost basis of the securities rather than their fair market value generally is used for determining the amount of the charitable contribution, but the amount of your gift is deductible up to 50% of your adjusted gross income, with a five-year carryover for any excess. Generally, the Fund does not accept gifts of short-term securities.

If you itemize, you are entitled to claim an income tax deduction for your gift for the tax year in which the gift is complete. The determination of when your gift is complete for federal income tax purposes depends on a number of factors, including your effective release of control over the transferred assets, and the date the Life Income Agreement is signed by both you and the trustees of the Fund. If time is short (near the end of the year, for example), is it wise to obtain prior confirmation from the Trustees that the property you intend to transfer is acceptable. We will advise you of the effective date of your transfer to the Fund.

CAPITAL GAINS

You incur no capital gain when you transfer appreciated assets to the Fund. The Fund pays no capital gains tax on sales by the Fund of assets held long term (the Fund takes over your holding period and tax basis). Sometimes there can be capital gain realized on the sale of short-term assets by the Fund. In this case, the tax would be paid by the Fund itself.

GIFT TAX

Your gift of the remainder interest is not subject to gift tax—although you must report it on a gift tax return because it is a gift of a future interest. Where you are the first beneficiary and you name a survivor beneficiary, you make a gift to the survivor that may be taxable. However, you can reserve the right, exercisable only by will, to revoke the survivor beneficiary's interest. In such case you make no taxable gift to the survivor beneficiary. Where you are not a beneficiary but create an income interest for another, you make a completed gift to that beneficiary.

When the only beneficiary (or the first beneficiary if there is more than one) is your spouse (who must be a U.S. citizen), the gift tax marital deduction is normally available. A so-called QTIP election must be made by the date of the gift tax return. If your spouse is a survivor beneficiary, your spouse's interest will not qualify for the marital deduction. You should retain the right to revoke your spouse's interest as outlined earlier. Careful consideration and consultation with your advisors is recommended in these cases.

ESTATE TAX

If you have retained an income interest for your life alone, the full amount of the life income gift will be included in your gross estate at death— the entire amount qualifies for the unlimited estate tax charitable deduction and will not be taxed. If there is a survivor beneficiary and you are the first to die, only the life interest of the survivor is subject to estate tax (but, if the survivor is your spouse, the estate tax marital deduction can be obtained—again by making a timely QTIP election). The value of that interest is computed on the basis of the survivor's age at your death. The value of the remainder qualifies for the estate tax charitable deduction and is, therefore, not taxed. If the second beneficiary does not survive you, no part of the life income gift will be taxed to your estate.

BENEFICIARY'S INCOME TAX

The payments to beneficiaries (including you) from the Fund are reportable by the beneficiaries as ordinary income for federal income tax purposes. Check with your advisor regarding any state income tax implications. The trustees provide appropriate documentation to the income beneficiaries.

TAXATION OF THE FUND

The Fund itself will ordinarily pay no income tax, except to the extent of short-term capital gains, if any. Also, the Fund could be taxed on unrelated business taxable income. However, the Fund's investment policy is such that this is unlikely.

No Security Registration

The Fund has not been registered under any federal or state securities laws, pursuant to an exemption from registration under the Philanthropy Protection Act of 1995 (the Act), which exempts certain collective investment funds and similar funds maintained by charitable organizations. The Act is consistent with a 1980 interpretative release that the Securities and Exchange Commission (SEC) published regarding pooled income funds. This release provides that the SEC will not recommend enforcement action against a public charity that establishes and maintains a pooled income fund without registering it under federal securities laws, provided that the following requirements are met: (1) the fund must qualify as a pooled income fund eligible to receive tax-deductible contributions under section

642(c)(5) of the tax code; (2) the charity must furnish each prospective donor with a written disclosure which fully and fairly describes the operation of the fund (this information statement is intended to meet that requirement); and (3) any person soliciting contributions to the fund must be either a volunteer or a person who is employed in the charity's overall fund-raising activities and who is not compensated on the basis of the amount of gifts made to the fund. ECF believes that the Fund meets all those requirements and thus can rely on the assurances made by the SEC in the release.

Miscellaneous

It is stressed that there is no guaranteed rate of return to a beneficiary of the Fund. Each beneficiary receives his or her pro rata share of the Fund income computed as provided in the Trust.

It should be understood that a pooled income fund, and specifically this Fund, is primarily a vehicle for charitable gifts, rather than investments, and accordingly does not necessarily provide a beneficiary with a return equal to that which he or she might obtain from other commercial sources. ECF may, from time to time, establish policies setting forth the minimum ages, the maximum number of lives of individual income beneficiaries and the minimum amounts transferable by donors for participating in the Fund. Further, the trustees shall give approval to each prospective transfer of property before it is made a part of the Fund.

Each participant in the Fund will receive federal tax reporting information that shows the amount of income paid to the participant for that year. The Trust Agreement and a sample Life Income Agreement by which gifts to the Fund are made are available upon request.

ECF is not engaged in rendering legal, accounting or other services regarding donations to the Fund. You are strongly urged to consult your own counsel and advisors about the risks and financial and tax consequences of your proposed gift. We would be pleased to answer any questions about the Fund that you or they may have.

If you would like a personalized illustration of your gift to the Pooled Income Fund showing what your quarterly payments, charitable deduction and tax benefits might look like, contact ECF at (800) 697-2858.

Application Form

Episcopal Church Foundation Pooled Income Fund

(Please refer to the Application Form instructions for assistance in completing this form.)

To process your pooled income fund application, submit forms on pages 9, 10, and 13. You may need to submit optional forms on pages 15, 17, and 19.

1. Donor(s)

Name of Donor _____ Date of Birth _____ Social Security Number _____ - _____ - _____

Street Address, PO Box, and/or Apartment # _____ Telephone Number _____

City _____ State _____ Zip Code _____ Email Address _____

Name of Co-Donor _____ Date of Birth _____ Social Security Number _____ - _____ - _____

Street Address, PO Box, and/or Apartment # _____ Telephone Number _____

City _____ State _____ Zip Code _____ Email Address _____

2. Income Beneficiary(ies)

If income beneficiary(ies) is (are) same as donor(s) above, check here: ☐. If not, supply information below:

a. Name _____ Date of Birth _____ Social Security Number _____ - _____ - _____

Street Address, PO Box, and/or Apartment # _____ Telephone Number _____

City _____ State _____ Zip Code _____ Email Address _____

b. Name _____ Date of Birth _____ Social Security Number _____ - _____ - _____

Street Address, PO Box, and/or Apartment # _____ Telephone Number _____

City _____ State _____ Zip Code _____ Email Address _____

3. The Gift

Cash (amount) $ _____ (Please make check payable to the Episcopal Church Foundation)

Securities (Please describe) _____

Broker Name: _____ Phone Number: _____

Acquisition Date: _____ Cost Basis: _____

4. Payment Sequence (Please check one)

_____a. Check payable to individual for his/her life.

_____b. Joint and Survivor
Check payable to [a] and [b] jointly, then one check payable to the survivor.

_____c. Successive Interests
Check payable to [a] for his/her life, then one check payable to [b] if [a] predeceases [b].

ECF's obligation to make annuity payments will terminate with the payment preceding the surviving annuitant's death.

5. Distribution of Charitable Amount

With the death of the last income beneficiary, please distribute my share of units in the Pooled Income Fund to the following charitable beneficiaries.

_____% to: the Episcopal Church Foundation

_____% to: _____
Complete mailing address

_____% to: _____
Complete mailing address

6.

May ECF inform the charitable beneficiary(ies) of your gift? ☐ YES ☐ NO

May ECF mention the value of your gift? ☐ YES ☐ NO

_____
Signature of Donor Date

_____
Signature of Donor Date

Please send completed application form and any optional forms to:

Episcopal Church Foundation
475 Riverside Drive, Suite 750, New York, NY 10115
Tel: 800-697-2858
Fax: 212-297-0142
Email: giving@EpiscopalFoundation.org
Website: www.EpiscopalFoundation.org

How did you hear about ECF's planned giving services?

- ☐ Episcopal Academy & Workshops
- ☐ Advertisement
- ☐ Regional Conference
- ☐ Your Financial/Legal Advisor
- ☐ E-newsletter
- ☐ ECF newsletter
- ☐ Your Diocese/Parish
- ☐ Website
- ☐ Other (please specify)_____

Application Form Instructions

Pooled Income Fund

Episcopal Church Foundation

1. Donor Information
   Enter here the information that describes the current owner(s) of the assets being used to make a contribution to the Pooled Income Fund.
2. Income Beneficiaries
   In this section complete the information that identifies the income beneficiary(ies) who will be receiving the income from the fund.
3. The Gift
   a. If your contribution is to be made with cash, enter here the amount of money for which the check will be made out. Make the check payable to the *Episcopal Church Foundation* and indicate on the memo line that it is for the "Pooled Income Fund."
   b. If your contribution is to be made with securities that have decreased in value since you obtained them, sell them first, take a capital loss for the difference between the purchase and sale price, and write us a check as above.
   c. If your contribution is to be made with securities that have increased in value since you obtained them, you will want to transfer them directly to our financial partner, *State Street Bank and Trust Company*, who will sell them on your behalf (thereby deferring capital gains tax). Please enter in this section the number of shares, the name of the company, the cost basis of the shares if known (an approximate value is acceptable), and the date (or approximate date) of acquisition.

      i. If you have the actual stock certificate(s), sign and date the Irrevocable Stock and Bond Power form on page 21. Send it and the certificate(s) in separate envelopes to ECF. If the certificate is made out for a larger number of shares than you wish to use for your contribution to the Pooled Income Fund, include a cover letter that clearly designates the number of shares you wish to donate. We will arrange to have a new certificate made out by the transfer agent for the remaining number of shares and return it to you. Please also provide ECF with information about the date(s) you acquired the stock(s) and the price(s) paid.

      ii. If you have the stock, bond, or mutual fund shares in "Street Name" (that is, held by a brokerage house in their name but internally accounted for as belonging to your account), please call ECF for the "Delivery Instructions for Transfer of Securities," (800) 697-2858.

4. Payment Sequence
   Choose the option that applies to your situation.

5. Signatures
   Your signature should reflect the name(s) entered as Donor(s). This will be the name(s) used in the "Life Income Agreement."

   For questions of clarification, or additional information about this or other ways to support the church through planned giving, please contact:

Episcopal Church Foundation
475 Riverside Drive, Suite 750, New York, NY 10115
Tel: 800-697-2858
Fax: 212-297-0142
giving@episcopalfoundation.org

Donor Disclosure Form

Episcopal Church Foundation

(Please complete and return this form to ECF with your application.)

1. Are family members aware of your charitable gift intentions? ☐ YES ☐ NO

   Next of kin name, address, and phone number: _____

   _____

2. Have you consulted with professional advisors about your gift? ☐ YES ☐ NO

3. Do you have a will that is current in your state? ☐ YES ☐ NO

4. Is this gift in excess of one-third of your overall net worth? ☐ YES ☐ NO

Comments:

_____

_____

_____

_____

_____

_____ _____

Donor Signature Donor Signature

_____ _____

Date Date

_____ _____

Donor Name—please print Donor Name—please print

Legal Counsel Advisement

Episcopal Church Foundation

(Please complete and return this form, if applicable, to the Foundation with your application.)

I (We) _____ (and) _____, do hereby acknowledge that I (we) have been advised to seek advice and counsel from professional advisors in all matters pertaining to estate and gift planning, including those related to any gift made through the Episcopal Church Foundation or directly to the Episcopal Church Foundation.

I (we) understand that attorneys retained by the Episcopal Church Foundation represent the interests of the Episcopal Church Foundation and do not represent me (us).

_____	_____
Donor Signature	Donor Signature
_____	_____
Date	Date
_____	_____
Donor Name—please print	Donor Name—please print

Authorization for Direct Deposit of Payments

State Street Bank and Trust Company

As a beneficiary of the above-referenced fund, the undersigned hereby authorizes *State Street Bank and Trust Company* to wire, by use of the Automated Clearing House System (ACH), distributions from the fund directly to the bank account listed below. This authorization shall remain in effect until written notice is given to *State Street Bank* by the undersigned.

Signature of Beneficiary:_____ Date: _____

Print Name: _____

Address: _____ Apt/Floor: _____

City:_____ State: _____ Zip:_____

FINANCIAL ORGANIZATION INFORMATION

Name of Bank: _____

Depositor Account Number:_____

Type of Account (check one): Checking: ☐ Savings: ☐

Bank Address: _____

City:_____ State: _____ Zip:_____

In order to complete this request, you must include a voided check with an ABA routing number from the account to which your payment will be made.

Irrevocable Stock or Bond Power

Episcopal Church Foundation

To be completed by *State Street Bank and Trust Company*

FOR VALUE RECEIVED, the undersigned does (do) hereby sell, assign and transfer to _____

_____

_____

_____

IF STOCK, COMPLETE THIS PORTION

_____ shares of the _____ stock of _____

_____

represented by Certificate(s) No(s). _____

_____ inclusive, standing in the name of the undersigned on the books of said Company.

IF BONDS, COMPLETE THIS PORTION

_____ bonds of _____

_____

in the principal amount of $ _____ , No(s). _____

_____ inclusive, standing in the name of the undersigned on the books of said Company.

The undersigned does (do) hereby irrevocably constitute and appoint _____ attorney to transfer the said stock(s) or bond(s), as the case may be, on the books of said Company, with full power of substitution in the premises.

To be signed by the donor(s).

Dated _____

IMPORTANT—READ CAREFULLY

The signature(s) to this Power must correspond with the name(s) as written upon the face of the certificate(s) or bond(s) in every particular without alteration or enlargement or change whatever. (Person(s) executing this Power sign(s) here.)

X _____

X _____

RESOURCES AVAILABLE

BROCHURES

- *Planned Giving (overview)*
- *Charitable Gift Annuity*
- *Charitable Remainder Trust*
- *Pooled Income Fund*
- *Writing Your Will*

BOOKLETS

- *Planned Giving (overview)*
- *Charitable Gift Annuity*
- *Charitable Remainder Trust*
- *Pooled Income Fund*
- *Planning for the End of Life*

EPISCOPAL CHURCH FOUNDATION
empowering congregations

475 Riverside Drive, Suite 750
New York, NY 10115
800-697-2858
www.EpiscopalFoundation.org