

## REVOCABLE TRUST DISCLOSURE STATEMENT

The Billy Graham Evangelistic Association (“BGEA”) is a religious, North Carolina nonprofit corporation that is recognized as tax exempt under section 501(c)(3) of the Internal Revenue Code. BGEA exists to support and extend the evangelistic calling and ministries of Billy and Franklin Graham by proclaiming the Gospel of Jesus Christ to all we can by every effective means available and by equipping others to do the same.

### **BGEA’s Services as Trustee**

BGEA uses its subsidiary, BGEA, MN, a Minnesota nonprofit corporation, to serve as trustee pursuant to agreements established by donors. All activities of BGEA, MN are conducted under the auspices of BGEA. This disclosure will simply use “BGEA” with the understanding that it may refer specifically herein to BGEA, MN. BGEA works with donors who want to establish revocable trusts and irrevocable charitable remainder trusts as a means of supporting worldwide evangelism, while also accomplishing certain income or tax objectives. There are several advantages to charitable remainder trusts, whether revocable or irrevocable, as well as important differences between them. Categorically, however, all trusts that may be established with BGEA are designed to provide some benefit to the organization through a gift of the trust’s remainder interest. In these situations, BGEA is permitted by law to serve as trustee and is required to balance the interests of all beneficiaries. BGEA may agree to serve as successor trustee or co-trustee of certain trusts initially established without BGEA’s involvement, provided that all parties acknowledge that BGEA will not be held responsible for acts or omissions of the prior trustee(s). (In recognition of the unique characteristics of charitable lead trusts, BGEA will accept trustee responsibility under such arrangements only in extraordinary circumstances.)

The purpose of this document is to explain some of the important facts relating to these trusts, and to outline some of BGEA’s applicable policies. As with any planned giving opportunity, BGEA strongly encourages donors to communicate with their own advisors in order to help them determine what type of arrangement may be suitable for their particular needs and circumstances.

### **Overview**

Revocable trusts generally provide that the donor (sometimes referred to as the “grantor”):

- a) Receives or assigns the trust’s net income,
- b) Retains the right to amend or revoke the trust, or to withdraw assets from the trust in the event of need, and
- c) Gives all or a portion of the remaining assets at death to charity, including a required minimum to BGEA.

Individuals other than the donor and, with BGEA’s approval, other charitable organizations whose purposes are not contrary to BGEA’s mission and Christian religious purposes may be named by the donor to receive a portion of the remainder.

### **Establishment Guidelines**

Revocable Trusts are subject to the following minimum guidelines:

1. Minimum Age of Life Beneficiaries: 55
2. Maximum Term of Years: 20

3. Maximum Term of Years at Death of Life Beneficiaries: 10
4. Minimum Distribution to Charity: 50%
5. Minimum Distribution to BGEA: 50% of charitable remainder portion and 10% more than any other charitable beneficiary (in consideration of administrative expense)
6. Minimum Funding: \$100,000
7. Administration Fee: \$0

BGEA desires that donors have sufficient resources to provide for their future needs, and generally recommends a minimum total net estate value of \$300,000. Of that amount, at least \$250,000 should be accessible (this may include real property, closely held stock, and other non-liquid assets) and available for the donor's needs, including \$75,000 of liquid assets (cash, marketable securities, etc.)

### **Required Legal Documents**

Certain legal documents, such as the trust agreement, and in some cases real property deeds, are required in connection with the establishment of a trust with BGEA. These can be prepared by or on behalf of BGEA at no expense to the donor. Donors are always encouraged to have their personal attorney and/or accountant review any documents. This review is at the donor's expense, of course.

### **Transfer of Assets to Trust**

BGEA requests that each trust donor completes a Donor Information Worksheet in order to provide BGEA with information about the assets which may be held in a trust. This form requests specific information about a donor's assets, **including acquisition cost and current value**. A Real Estate Information Form is required for all real estate to be transferred to the trust. If there are potential concerns relating to the property, such as environmental conditions, BGEA reserves the right to further inspect the property and/or to request a formal Phase I survey at the donor's expense. These measures and other communications with donors give BGEA the opportunity to understand tax and other issues relating to potential trust assets.

It is BGEA's policy to liquidate all assets transferred into a trust **unless the donor provides written instructions to hold certain assets**. BGEA will follow a donor's instructions provided the donor agrees to retain all responsibility for those assets and acknowledges that BGEA shall have no liability for the investment performance relating to those or the overall performance impact on the trust. The donor would be taxed on any capital gain generated by the sale of assets in the trust. If the sale of investments transferred into a trust would create adverse tax consequences for the donor or other trust beneficiaries, investments may be held for a time to allow an orderly liquidation to minimize adverse tax consequences. If certain assets have been held for tax reasons pursuant to a donor's request, the donor must provide BGEA with written instructions to subsequently sell those assets.

### **Responsibility for Real Property in Trust**

If real property such as a personal residence is transferred to BGEA as Trustee, the donor still has the right to occupy the property and to allow others to use it, during his/her lifetime. The donor will also remain **solely responsible** for all related expenses, including taxes, insurance premiums (secured and maintained by donor), etc.

### **Investment of Trust Funds**

The donor retains primary responsibility for investment decisions through the selection of preferred investment objectives, using an Investment Objective Form provided by BGEA. BGEA implements and periodically confirms those objectives with the donor. This procedure helps BGEA understand the unique characteristics of each trust. Subject to donor's selection of investment objectives, BGEA has the fiduciary responsibility to ensure that trust funds are invested in good faith and with the care an ordinarily prudent person in like position would

exercise under similar circumstances. BGEA's Board of Directors has created an Investment Committee to assist with certain responsibilities pertaining to the investment of trust funds.

Upon the death or incompetence of the donor, a trust may become irrevocable and require BGEA's continued management of the trust assets until final disposition. In these situations, BGEA reviews the trust donor's investment objectives with remaining income beneficiaries, and considers the preferred investment objectives of those beneficiaries. BGEA will use its judgment in balancing those objectives, taking into consideration the circumstances of each specific trust.

BGEA trust funds are frequently combined for economies in purchasing, but are separately managed by trust. In order to reduce trading costs, BGEA may on occasion trade securities at independently determined market value among the accounts it administers. Trading prices are available upon request. A donor may request that BGEA does not use this practice for their trust.

### **Payment Schedules and Periodic Statements**

Payment schedules are fixed at the time a trust is established. Payments schedules are specified in the trust document and can be quarterly or more frequently to best meet the needs of life beneficiaries.

BGEA provides donors with a report of trust assets on a periodic basis, but at least annually. Each income beneficiary will also receive a statement of income and a statement of capital gains and losses on an annual basis.

### **Privacy**

BGEA takes privacy rights very seriously. We gather non-public personal information as we communicate with donors regarding charitable gift planning opportunities, such as trusts. BGEA protects that information and provides access only as needed to fulfill agreements with donors and as required by law. BGEA never sell, rents, leases or exchanges your personal information with other organizations.

### **Disclaimer**

Prospective donors are advised to consult with their attorney or tax advisor. This disclosure statement does not constitute legal or tax advice. To ensure compliance, please note that any U.S. federal tax information contained in this disclosure statement is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding penalties under the Internal Revenue Code, or (ii) promoting, marketing, or recommending to another party any transaction or matter discussed herein.