

Funding 21st Century Non-Profits & Churches

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Today's Challenge

- The Greatest Generation “*The last of the tithers*” have just about all left us.
- The Boomers are living on 110% of their income to support today's lifestyle.
- Far fewer Boomers are in churches than their parents.
- Boomers who do contribute lean towards more national and international non-profits that help the needy causing local non-profits to suffer.
- The statistics weaken much more dramatically through the generations that follow.

What Is Being Done To Deal With The Situation

- Staff is being reduced when needs from those served are high.
- Property is being leveraged to combat the cash flow dilemma.
- Leadership in many cases are not keeping up during what is a reformation period.

Less Must Become More

- Since there are fewer dollars at the church or non-profit's disposal today, both the donor and organization must share in the growth of that same dollar.

Does that make sense?

How Is This Done?

- Through an **Indexed Annuity**: a specialized and “*insured*” financial vehicle offering safety of principal and market growth.

What Is An Annuity

- An annuity is a contract between an individual (*the annuitant*) and an insurance company that is designed to meet retirement and other long-range goals, under which the annuitant makes a lump-sum payment or series of payments. In return, the insurer agrees to make periodic payments to the annuitant beginning immediately or at some future date.

What Is An Indexed Annuity

- In an indexed annuity, the insurance company credits you with a return that is based on changes in an index, such as the S&P 500 Composite Stock Price Index. Indexed annuity contracts also provide that the contract value will be no less than a specified minimum, regardless of index performance.

Myths About Annuities

- Insurance companies keep your money after you die.
- Guaranteed income annuities can't keep up with inflation.
- Guaranteed savings annuities don't provide anything that can't be obtained using other financial products.
- Annuities are sold by salespeople motivated by high commissions.
- Annuities are difficult to understand and own.
- Guaranteed savings annuities are only for older or extremely conservative investors.
- Once you buy an annuity, you can't move it without paying taxes.
- Surrender charges — fees paid by those who cash out of their savings annuities prematurely — only benefit insurance companies.
- I only need my money to last as long as my life expectancy.
- Never Invest Your IRA Money in an Annuity
- Indexed Annuities are Often Sold Inappropriately

An Indexed Annuity Is A Fixed Annuity

It retains all the benefits of a traditional fixed annuity:

- Your principal is guaranteed.
- Any credited interest is locked-in.
- Your money grows tax-deferred.
- You can receive a guaranteed income for life; no matter how long you live.
- You may avoid the costs and delays of probate by properly designating your beneficiaries.
- You have access to your money through penalty free withdrawal provisions (see policy for details).

The important difference between a traditional fixed annuity and a fixed indexed annuity is the way your interest is credited inside the annuity.

Principal is only guaranteed if no withdrawals in excess of the contract's free amount are taken during the withdrawal charge period. The Internal Revenue Code already provides tax deferral to IRAs, so there is no additional tax benefit obtained by funding an IRA with an annuity; consider the other benefits provided by an annuity, such as lifetime income and a death benefit. Guaranteed lifetime income available through annuitization or the purchase of an optional lifetime income rider, a benefit for which an annual premium is charged. Withdrawals are not credited with index interest for that term. Withdrawals in excess of the free amount may be subject to withdrawal charges and a market value adjustment and may result in the loss of principal if taken during the first 10 years of the contract.

How is a Fixed Indexed Annuity Is Different From a Traditional Fixed Annuity?

A traditional fixed annuity credits your contract with a stated interest rate each year. A fixed indexed annuity links your interest to the performance of a leading market index such as...

Fixed Indexed Annuities Can Help You Win The “Financial Tug of War!”

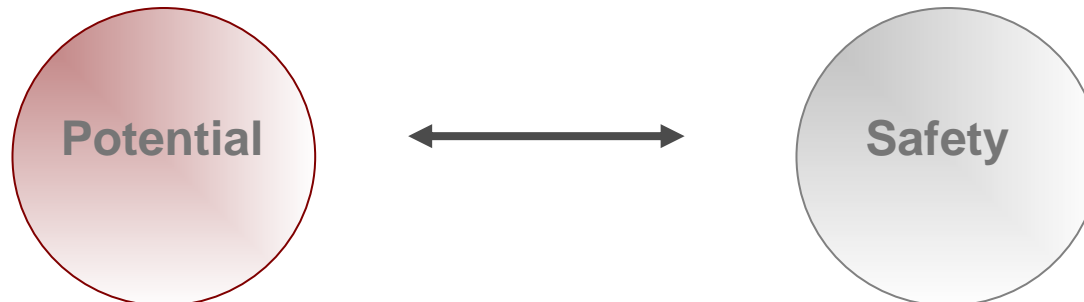
“I want the POTENTIAL to grow my money faster.”

- Investments
- Mutual Funds
- Bonds
- Variable Annuities
- Stocks

“I want the SAFETY of knowing my money is always protected from market downturns.”

- Savings Accounts
- Money Markets
- CDs
- Fixed Annuities

Fixed Indexed Annuities can help you win the “financial tug of war!”

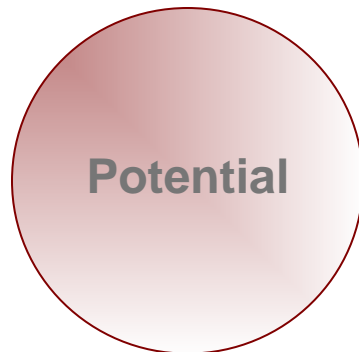


Fixed Indexed Annuities Can Help You Win The “Financial Tug of War!”

The Challenge

- Investments
- Mutual Funds
- Bonds
- Variable Annuities
- Stocks

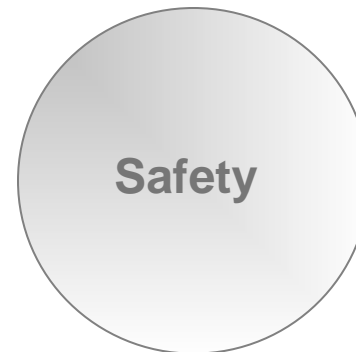
RISK



The Challenge

- Savings Accounts
- Money Markets
- CDs
- Fixed Annuities

LOW YIELDS



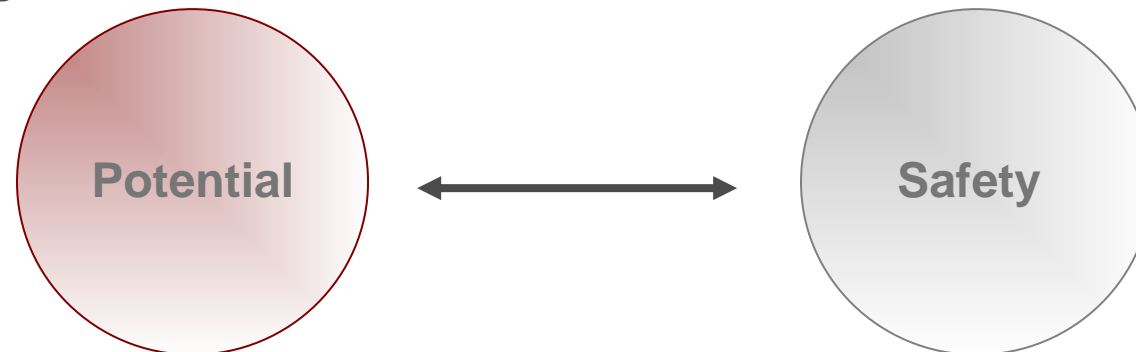
A Fixed Indexed Annuity Can Benefit You By Providing...

The POTENTIAL to grow your money without the risk normally associated with investments like

- Mutual Funds
- Bonds
- Variable Annuities
- Stocks

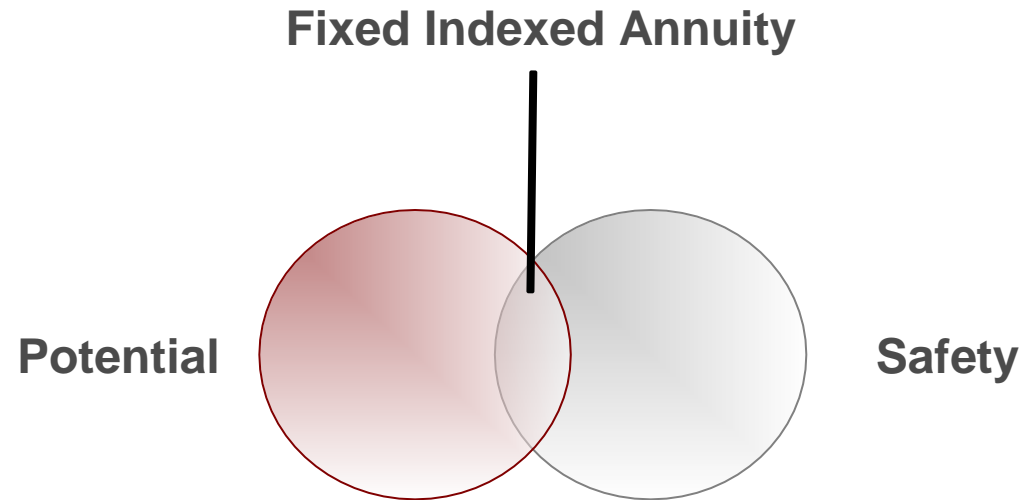
The SAFETY and protection similar to other savings vehicles such as

- Savings Accounts
- Money Markets
- CDs
- Fixed Annuities

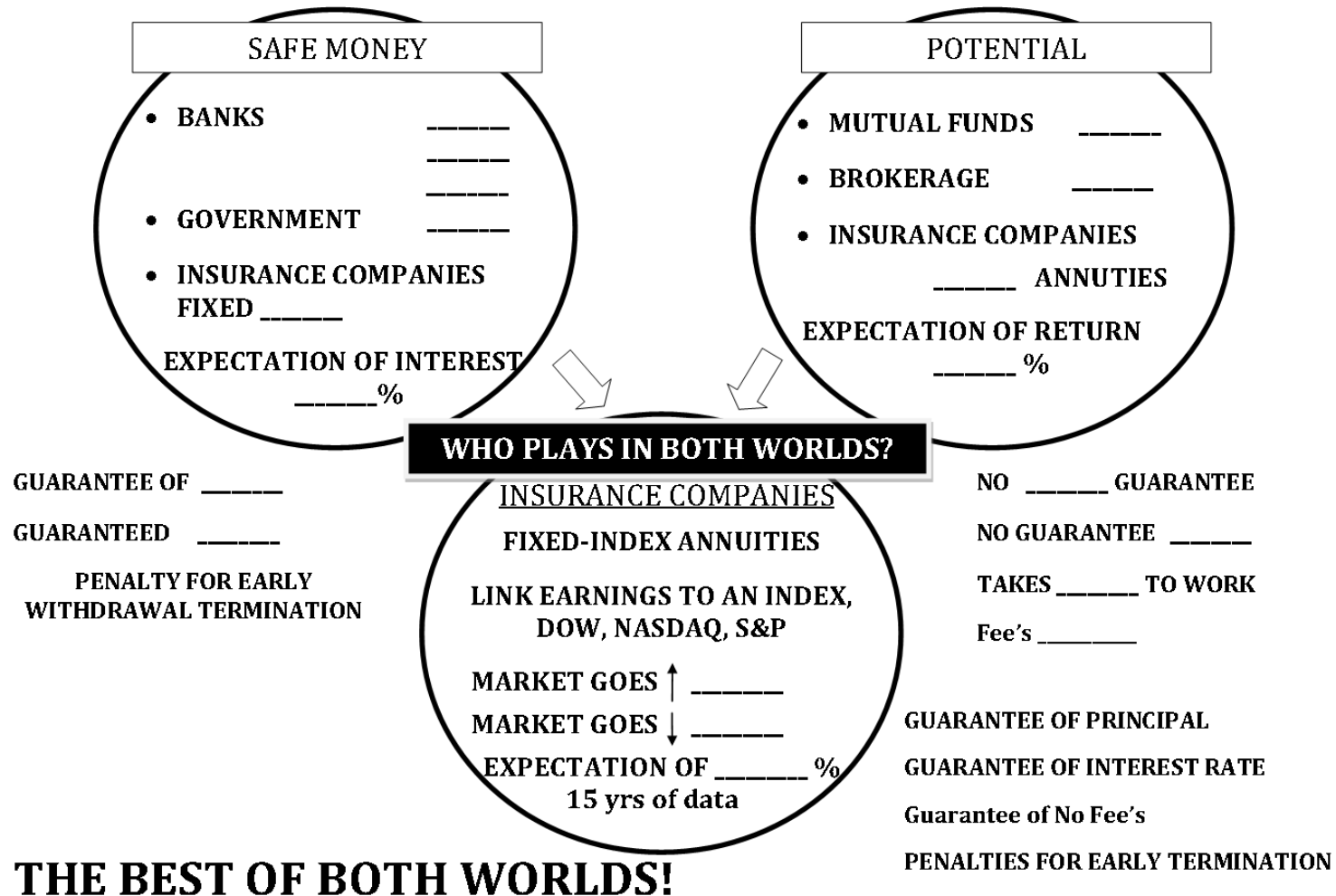


Fixed indexed annuities are not stock market investments and do not directly participate in any stock or equity investments. Annuities are not FDIC insured; are not obligations or deposits of, and are not guaranteed or underwritten by any bank, savings and loan or credit union or its affiliates.

Fixed indexed annuities give you the potential to participate in a portion of the gains of a market index, without exposing your principal or credited interest to direct downside market risk.



A New World of Money



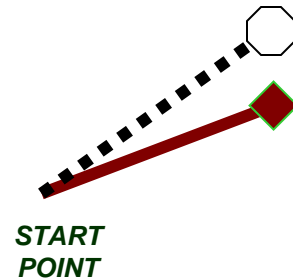
A New World of Money

- You participate in a portion of any period of gain in a market index. If the index goes up, your money grows.
- You are protected from any period of loss. You get to sit out bad years. You may have zero interest credited, but no loss and you receive the annual reset provision.
- All your gains are LOCKED in each year; they can never be lost due to market downturn.
- All interest credits compound TAX-DEFERRED.

Participate In A Portion of Market Index Gains

If the index goes up – your money grows

Hypothetical Example

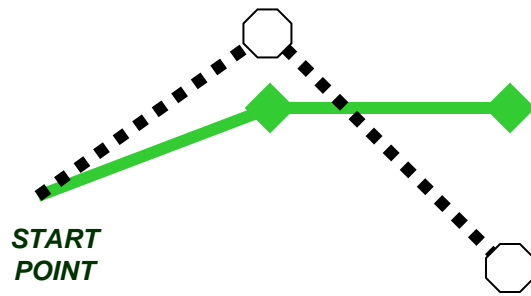


 Annuity Contract Value
 Monthly Average of the S&P 500 Index

Don't Participate In Any Period With A Market Loss

In other words – you sit the bad years out

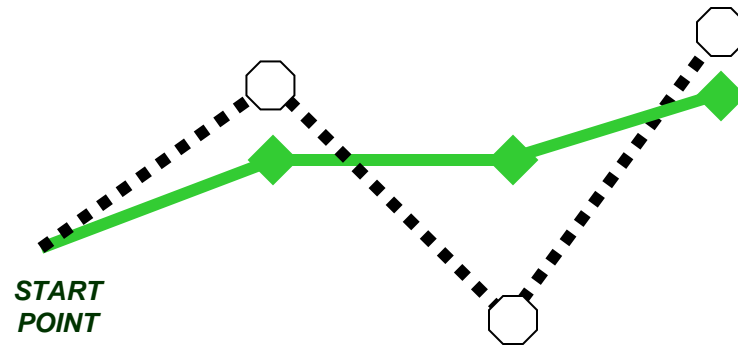
Hypothetical Example



■ ■ ■ ■ ■ ■ Annuity Account Value
■ ■ ■ ■ ■ ■ Monthly Average of the S&P 500 Index

Don't Participate In Any Period With A Market Loss

Hypothetical Example

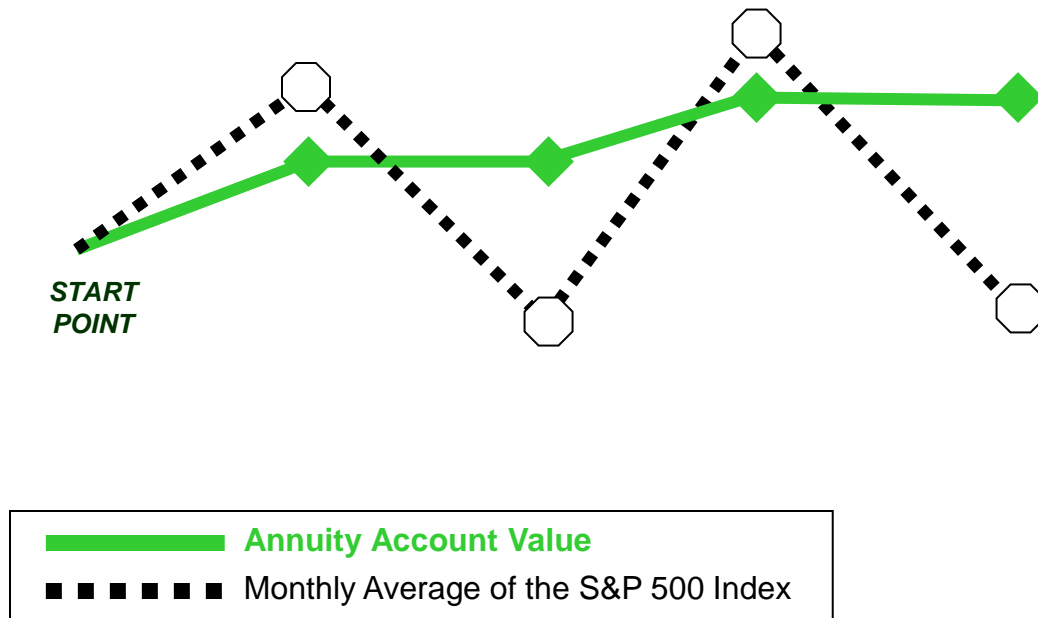


■ ■ ■ ■ ■ Annuity Account Value
■ ■ ■ ■ ■ Monthly Average of the S&P 500 Index

Interest Credits Are Locked In Each Period, (Typically, 1 Year)

They can never be taken from you.

Hypothetical Example

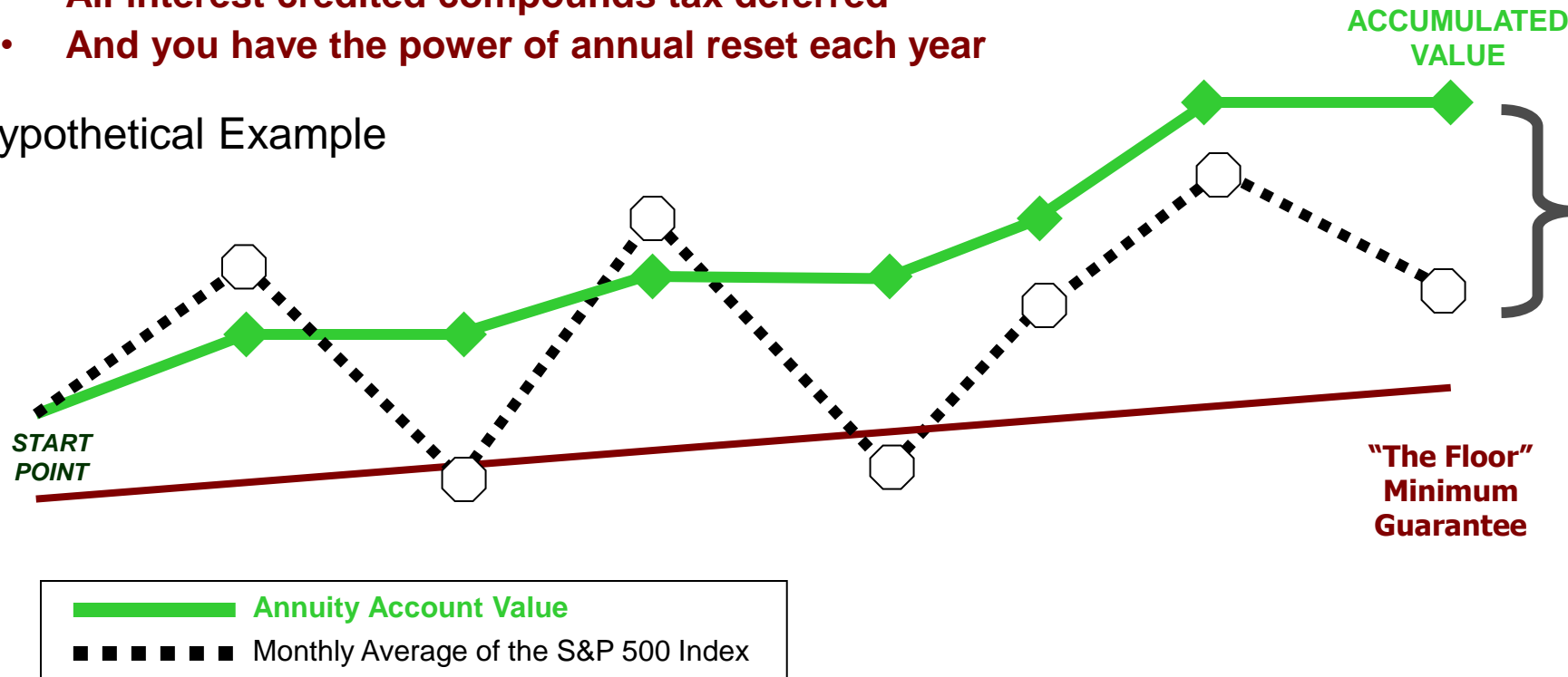


Withdrawals in excess of the free amount may be subject to loss of principal if taken during the first 10 years of the contract.

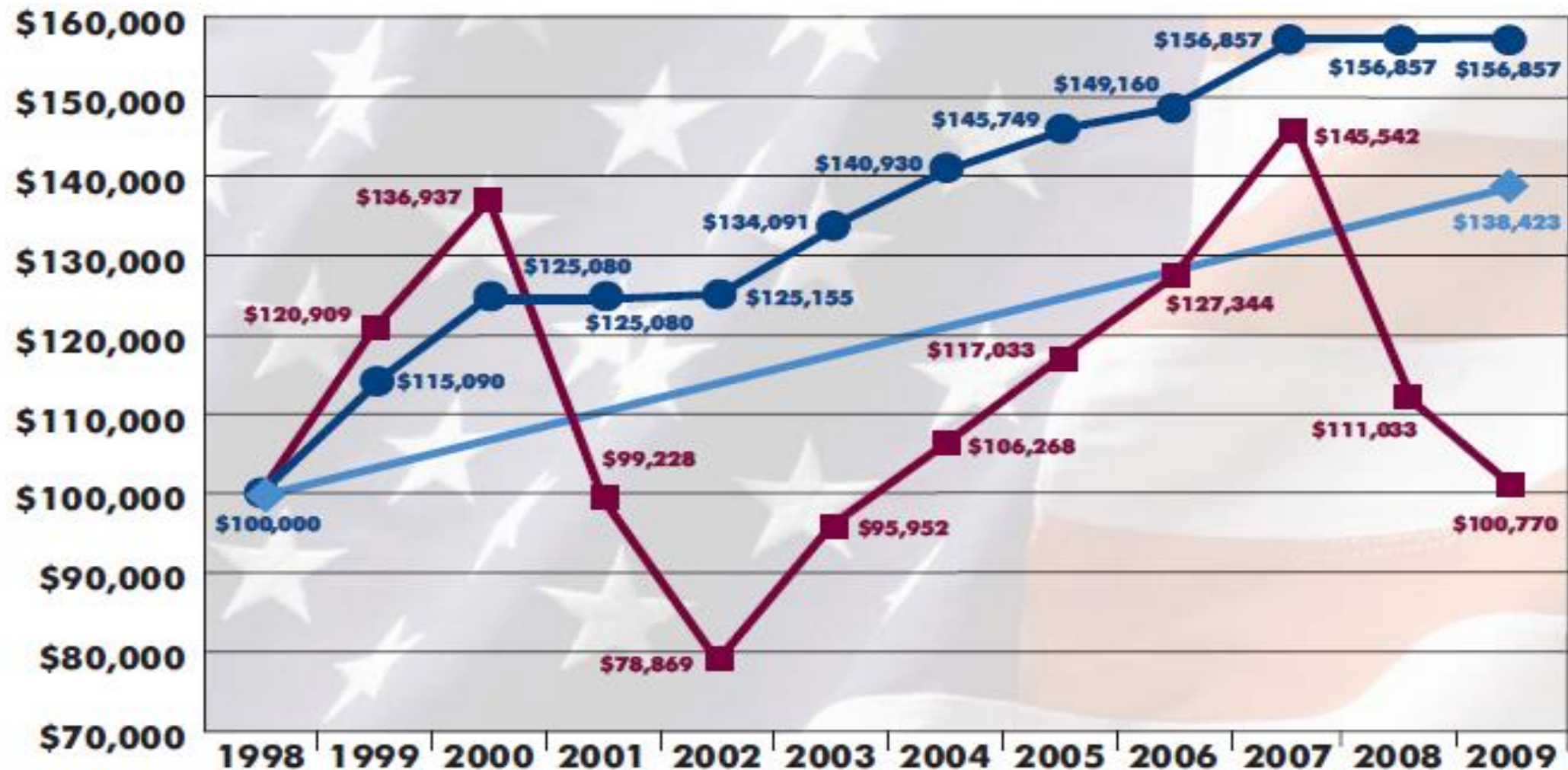
Don't Participate In Any Period With A Market Loss

- Participate in a portion of index gains
- Don't participate in any period with a loss
- Interest is locked in each period (usually annually)
- All interest credited compounds tax deferred
- And you have the power of annual reset each year

Hypothetical Example



Actual Performance



What Amount Of Your Dollars Should Be At Risk?

- The True answer it depends on the client values and needs.
- Rule of 100
- The Rule of 100 is a rule for age risk.
- How to determine what amount of risk is age appropriate?

Rule Age
 $100 - 64 = 36\%$ at risk

No more than 36% of your funds should be at risk.

Contract Terms & Surrender Charges

- Contract terms can be anywhere between 5 yr and 16 yr! Surrender charges can be anywhere between 5% & 20%, decreasing to 0%. These are time driven contracts.
- The longer amount of time the company has your money to work with the more benefits and potentially higher index crediting rates and fixed rates of return you can receive.
- A longer term can credit a vested 1% to 10% bonus day one.
- Surrender charges are the only charges you will receive if ever on a fixed or an index annuity and they are not **fees**. They only come into effect in certain situations.

Contract Terms & Surrender Charges

- There are no surrender charges on penalty free withdrawals.
- No surrender charge at the death of the annuitant.
- No surrender charge during the free look period.
- No surrender charge on RMD on qualified funds.
- No surrender charge on guaranteed lifetime income options.
- Certain annuities waive a portion or all surrender charges due to terminal illness or nursing home care.
- Contract terms and surrender charges are there to protect you, to give you the guarantees that you cannot get anywhere else. **Example: Stock Market Gains no Downside Risk, Safety, Avoidance of Probate (*in most states*), Grows Tax Deferred, Guaranteed Income that you can Never Outlive. Gives Protection you Deserve.**
- Contract terms and surrender charges let you know exactly where you stand financially at all times.

Contract Terms & Surrender Charges

Example: \$100,000 Annuity 10yr contract term 11% surrender charge **NO BONUS!**

10% Free Withdrawal 11% Surrender Charge

Withdrawal Percentage / Amount	Penalty Free Amount 10%	Amount Exposed to Surrender Charges	Actual Surrender Charge Amount at 11%	Surrender Charge Amount as a percentage of Account Value
10% - \$10,000	\$10,000	\$0	\$0	0%
20% - \$20,000	\$10,000	\$10,000	\$1,100	1.1%
30% - \$30,000	\$10,000	\$20,000	\$2,200	2.2%
40% - \$40,000	\$10,000	\$30,000	\$3,300	3.3%

Q: What is the appropriate amount of money to place into this contract?

A: Depends upon what you intend to do with the money.

Bonuses: Good or Bad

- Bonuses can offset penalties for early withdrawal from other types of saving, retirement or investment accounts.
- Bonuses can help you recoup losses that you might have experienced in a down market in a variable product, mutual fund or a stock account.
- Bonuses can increase your cash values from day one and cannot be taken away due to market loss. They are vested from day one.
- Bonuses can also give you up to 40% liquidity of your original contribution in the first year.
- Bonuses are Good.

1st Year 10% Bonus x 20% Surrender = 40% Liquidity

Example of a Surrender charge in the first year of a 16-year contract annuity with a 20% Surrender charge...

- \$100,000 Contribution
- 10% initial Bonus =
- \$110,000 Contract Value day one.
- An emergency occurs and the clients need \$40,000 dollars back in year one of their original \$100,000 contribution, and they have a 20% surrender charge
- A withdrawal of \$50,000 incurs a 20% surrender charge during the 1st year = \$10,000
- But if you received a \$10,000 bonus, took a withdrawal of \$50,000 right away (incurring a \$10,000 penalty), you're just giving back the Bonus that the life insurance company gave you in the first place ?
- Bonuses offer tremendous benefits to the client and create 40% Liquidity of your original contribution in the first year .

2nd Year or 366th Day 10% Bonus x 19.5 Surrender = 50.511% Liquidity

- **Example of a surrender charge in the second year of a 16-year contract annuity with a 19.50% surrender charge and a 10% bonus and a 3.10% fixed rate**
- Actual guarantees
- \$100,000 contribution
- 10% initial bonus =
- 3.10% fixed rate guarantee 1st year
- \$113,410 contract value after 1 year
- An emergency occurs and the clients need \$50,511 back in the 2nd year, when the surrender charge is 19.50%.
- With a withdrawal of \$60,000, the first \$11,341 comes out penalty free, because of the 10% rule, which leaves \$48,659, which incurs a 19.5% surrender charge in the 2nd year, which comes to \$9,488.50

2nd Year or 366th Day 10% Bonus x 19.5 Surrender = 50.511% Liquidity

- Add \$11,341 + \$48,659 = \$60,000. Then subtract the \$9,488.50 charge, which equals **\$50,511.50**
- Because you received a \$10,000 bonus, took a withdrawal of \$60,000 in the 2nd year, exercised your rights to the 10% penalty free on \$113,410 (which came to \$11,341), the \$48,659 (incurring a \$9,488.50 surrender at 19.50%) you are just giving back some of the bonus that the life insurance company gave you?
- Bonuses offered a tremendous benefit to you and, in this case, creates 50.511% liquidity of your original contribution after the 1st year. This is huge! And you still have a contract value of \$53,410.
- Look at it this way: an emergency arises. You pulled out \$50,000, plus an extra \$511.50 to boot and you still have a positive gain in your contract value, which has \$53,410 waiting for the next year's gains.

Power Of The Bonus Plus A Fixed Rate For The First 2 Years

Client Year One	Client Year Two
\$100,000	\$113,410
Growing for 1 year 10% Bonus and Fixed Guaranteed rate of 3.10%	2 nd year Assuming another 3.10% Fixed Rate
Clients Guaranteed \$113,410	Clients Guaranteed \$116,925
13.41% Return	8.13% Return

Where else can you get those Rates of Return?

Lifetime Guaranteed Income Plan

65-Year-Old Example	75-Year-Old Example
\$100,000	\$100,000
Growing for 5 years	Growing for 5 years
9.697% Annual Cash Flow Return	11.313% Annual cash flow return
\$9,697	\$11,313

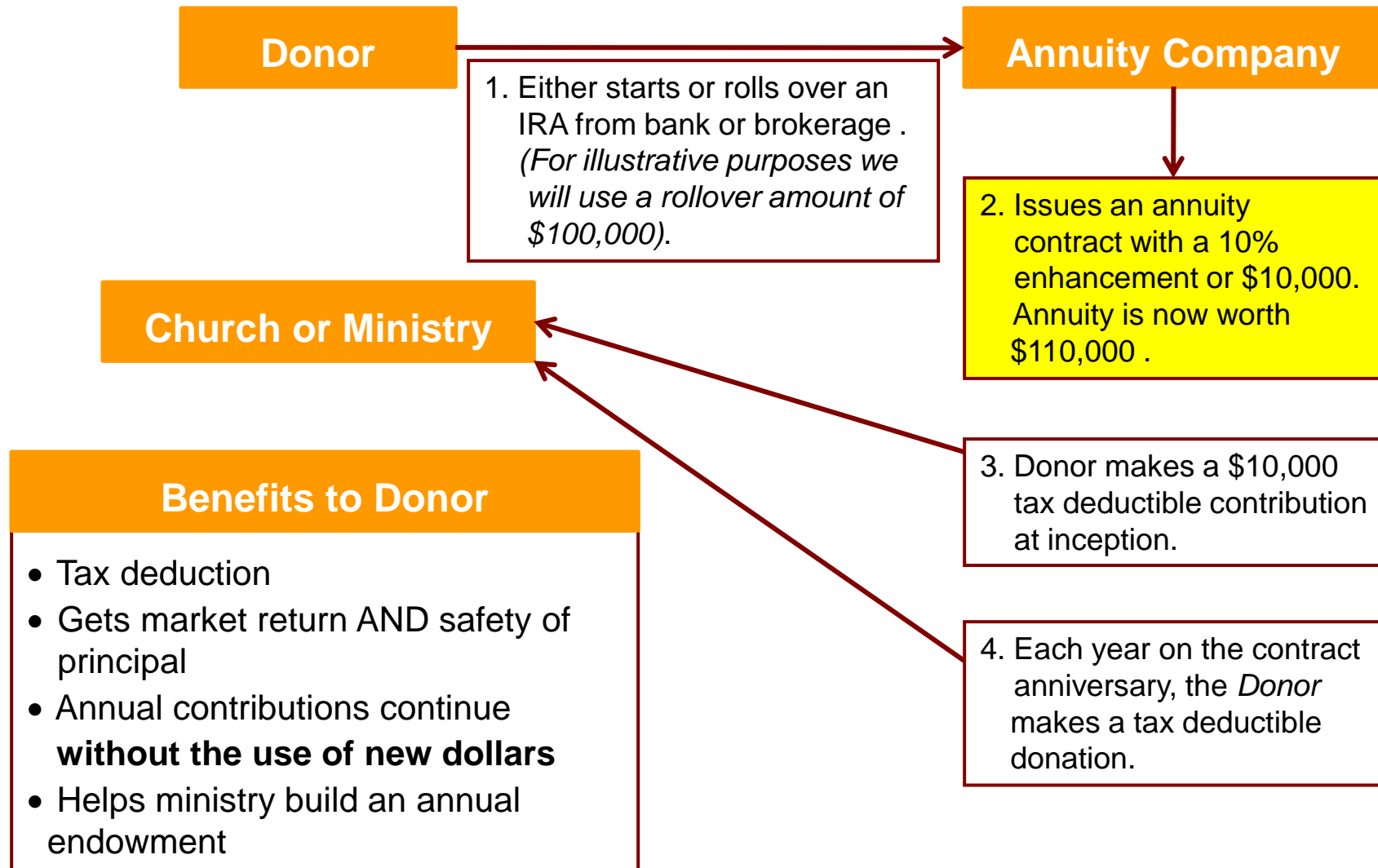
GUARANTEED for LIFE!

How Can This Annuity Benefit A Non-Profit?

- Would you like the potential to exceed traditional fixed rates?
- Would you like to keep your principal and credited interest safe from market risk?
- Can you benefit from tax-deferral?
- Would you like access to your money when needed through penalty free withdrawals?
- Would you like the option of a guaranteed income you could never outlive?

The Internal Revenue Code already provides tax deferral to IRAs, so there is no additional tax benefit obtained by funding an IRA with an annuity; consider the other benefits provided by an annuity, such as lifetime income and a death benefit. Withdrawals in excess of the free amount may be subject to loss of principal if taken during the first 10 years of the contract.

How Our Funding Concept Works



Hypothetical Illustration

Non-Profit Receives Annually 25% of “Annual Increase

Year	Start of Year Value	Initial Enhancement	Annual Increase 6% Avg	End of Year Value	Charity Contribution 25%	Donor Tax 36%	Donor Deduction 27% (3)	Account Balance
1	100,000.00	10,000.00	6,600.00	116,600.00	1,650.00	594.00	445.50	114,950.00
2	114,950.00		6,897.00	121,847.00	1,724.25	620.73	465.55	120,122.75
3	120,122.75		7,207.37	127,330.12	1,801.84	648.66	486.50	125,528.27
4	125,528.27		7,531.70	133,059.97	1,882.92	677.85	508.39	131,177.05
5	131,177.05		7,870.62	139,047.67	1,967.66	708.36	531.27	137,080.01
6	137,080.01		8,224.80	145,304.81	2,056.20	740.23	555.17	143,248.61
7	143,248.61		8,594.92	151,843.53	2,148.73	773.54	580.16	149,694.80
8	149,694.80		8,981.69	158,676.49	2,245.42	808.35	606.26	156,431.07
9	156,431.07		9,385.86	165,816.93	2,346.47	844.73	633.55	163,470.47
10	163,470.47		9,808.23	173,278.69	2,452.06	882.74	662.06	170,826.64
11	170,826.64		10,249.60	181,076.23	2,562.40	922.46	691.85	178,513.84
12	178,513.84		10,710.83	189,224.67	2,677.71	963.97	722.98	186,546.96
13	186,546.96		11,192.82	197,739.78	2,798.20	1,007.35	755.52	194,941.57
14	194,941.57		11,696.49	206,638.06	2,924.12	1,052.68	789.51	203,713.94
15	203,713.94		12,222.84	215,936.78	3,055.71	1,100.06	825.04	212,881.07
16	212,881.07		12,772.86	225,653.93	3,193.22	1,149.56	862.17	222,460.72
17	222,460.72		13,347.64	235,808.36	3,336.91	1,201.29	900.97	232,471.45
18	232,471.45		13,948.29	246,419.74	3,487.07	1,255.35	941.51	242,932.66
19	242,932.66		14,575.96	257,508.62	3,643.99	1,311.84	983.88	253,864.63
20	253,864.63		15,231.88	269,096.51	3,807.97	1,370.87	1,028.15	265,288.54
					51,762.85	18,634.63	13,975.97	

DISCLAIMER: This Illustration is only for hypothetical purpose and is not meant for any guarantee or contractual purposes.

1. The above illustrates a 60-year-old male with a life expectancy of 20 years or age 80.
2. Upon issuance of the annuity contract, "The Donor" contributes the "Initial Enhancement" to the church or ministry.
3. Using 27% for higher level income earners who may face a faze-out of deductions.

Hypothetical Illustration

Non-Profit Receives Annually 50% of “Annual Increase

Year	Start of Year Value	Initial Enhancement	Annual Increase 6% Avg	End of Year Value	Charity Contribution 50%	Donor Tax 36%	Donor Deduction 27% (3)	Account Balance
1	100,000.00	10,000.00	6,600.00	116,600.00	3,300.00	1,188.00	891.00	113,300.00
2	113,300.00		6,798.00	120,098.00	3,399.00	1,223.64	917.73	116,699.00
3	116,699.00		7,001.94	123,700.94	3,500.97	1,260.35	945.26	120,199.97
4	120,199.97		7,212.00	127,411.97	3,606.00	1,298.16	973.62	123,805.97
5	123,805.97		7,428.36	131,234.33	3,714.18	1,337.10	1,002.83	127,520.15
6	127,520.15		7,651.21	135,171.36	3,825.60	1,377.22	1,032.91	131,345.75
7	131,345.75		7,880.75	139,226.50	3,940.37	1,418.53	1,063.90	135,286.13
8	135,286.13		8,117.17	143,403.29	4,058.58	1,461.09	1,095.82	139,344.71
9	139,344.71		8,360.68	147,705.39	4,180.34	1,504.92	1,128.69	143,525.05
10	143,525.05		8,611.50	152,136.55	4,305.75	1,550.07	1,162.55	147,830.80
11	147,830.80		8,869.85	156,700.65	4,434.92	1,596.57	1,197.43	152,265.73
12	152,265.73		9,135.94	161,401.67	4,567.97	1,644.47	1,233.35	156,833.70
13	156,833.70		9,410.02	166,243.72	4,705.01	1,693.80	1,270.35	161,538.71
14	161,538.71		9,692.32	171,231.03	4,846.16	1,744.62	1,308.46	166,384.87
15	166,384.87		9,983.09	176,367.96	4,991.55	1,796.96	1,347.72	171,376.42
16	171,376.42		10,282.58	181,659.00	5,141.29	1,850.87	1,388.15	176,517.71
17	176,517.71		10,591.06	187,108.77	5,295.53	1,906.39	1,429.79	181,813.24
18	181,813.24		10,908.79	192,722.03	5,454.40	1,963.58	1,472.69	187,267.64
19	187,267.64		11,236.06	198,503.69	5,618.03	2,022.49	1,516.87	192,885.67
20	192,885.67		11,573.14	204,458.81	5,786.57	2,083.17	1,562.37	198,672.24
					88,672.24	31,922.00	23,941.50	

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3. Using 27% for higher level income earners who may face a faze-out of deductions.

Hypothetical Illustration

Non-Profit Receives Annually 75% of “Annual Increase

Year	Start of Year Value	Initial Enhancement	Annual Increase 6% Avg	End of Year Value	Charity Contribution 75%	Donor Tax 36%	Donor Deduction 27% (3)	Account Balance
1	100,000.00	10,000.00	6,600.00	116,600.00	4,950.00	1,782.00	1,336.50	111,650.00
2	111,650.00		6,699.00	118,349.00	5,024.25	1,808.73	1,356.55	113,324.75
3	113,324.75		6,799.49	120,124.24	5,099.61	1,835.86	1,376.90	115,024.62
4	115,024.62		6,901.48	121,926.10	5,176.11	1,863.40	1,397.55	116,749.99
5	116,749.99		7,005.00	123,754.99	5,253.75	1,891.35	1,418.51	118,501.24
6	118,501.24		7,110.07	125,611.31	5,332.56	1,919.72	1,439.79	120,278.76
7	120,278.76		7,216.73	127,495.48	5,412.54	1,948.52	1,461.39	122,082.94
8	122,082.94		7,324.98	129,407.92	5,493.73	1,977.74	1,483.31	123,914.18
9	123,914.18		7,434.85	131,349.04	5,576.14	2,007.41	1,505.56	125,772.90
10	125,772.90		7,546.37	133,319.27	5,659.78	2,037.52	1,528.14	127,659.49
11	127,659.49		7,659.57	135,319.06	5,744.68	2,068.08	1,551.06	129,574.38
12	129,574.38		7,774.46	137,348.85	5,830.85	2,099.11	1,574.33	131,518.00
13	131,518.00		7,891.08	139,409.08	5,918.31	2,130.59	1,597.94	133,490.77
14	133,490.77		8,009.45	141,500.21	6,007.08	2,162.55	1,621.91	135,493.13
15	135,493.13		8,129.59	143,622.72	6,097.19	2,194.99	1,646.24	137,525.53
16	137,525.53		8,251.53	145,777.06	6,188.65	2,227.91	1,670.94	139,588.41
17	139,588.41		8,375.30	147,963.71	6,281.48	2,261.33	1,696.00	141,682.24
18	141,682.24		8,500.93	150,183.17	6,375.70	2,295.25	1,721.44	143,807.47
19	143,807.47		8,628.45	152,435.92	6,471.34	2,329.68	1,747.26	145,964.58
20	145,964.58		8,757.87	154,722.46	6,568.41	2,364.63	1,773.47	148,154.05
					114,462.15	41,206.37	30,904.78	

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2. Upon issuance of the annuity contract, "*The Donor*" contributes the "*Initial Enhancement*" to the church or ministry.
3. Using 27% for higher level income earners who may face a faze-out of deductions.

Hypothetical Illustration

Non-Profit Receives Annually 100% of “Annual Increase

Year	Start of Year Value	Initial Enhancement	Annual Increase 6% Avg	End of Year Value	Charity Contribution 100%	Donor Tax 36%	Donor Deduction 27% (3)	Account Balance
1	100,000.00	10,000.00	6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
2	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
3	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
4	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
5	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
6	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
7	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
8	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
9	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
10	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
11	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
12	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
13	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
14	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
15	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
16	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
17	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
18	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
19	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
20	110,000.00		6,600.00	116,600.00	6,600.00	2,376.00	1,782.00	110,000.00
					132,000.00	47,520.00	35,640.00	

DISCLAIMER: This Illustration is only for hypothetical purpose and is not meant for any guarantee or contractual purposes.

1. The above illustrates a 60-year-old male with a life expectancy of 20 years or age 80.
2. Upon issuance of the annuity contract, "*The Donor*" contributes the "*Initial Enhancement*" to the church or ministry.
3. Using 27% for higher level income earners who may face a faze-out of deductions.