

GIFT ANNUITY DISCLOSURE STATEMENT

This disclosure statement is provided by the University of Tennessee Foundation in accordance with the requirements of the Philanthropy Protection Act of 1995 (P.L. 104-62).

Description of a Gift Annuity

A gift annuity is a simple contract between the donor(s) and the University of Tennessee 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, the Foundation’s gift annuity is different from a commercial annuity. However, the fact that you are making a charitable gift may result in tax benefits, including a current federal income tax charitable deduction (if you itemize your deductions), annuity payments that are partially tax-free, and 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 University of Tennessee. 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). At December 31, 2024 our total invested funds at book value exceeded \$577,564,128.96 and they are invested in a well-diversified portfolio in the University of Tennessee Consolidated Investment Pool. We also maintain a gift annuity reserve fund valued at more than \$500,000.00 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

The Foundation was established in 2001. It is a non-profit 501(c)(3) organization that receives and administers private support for campuses and institutes of the University of Tennessee System. Responsibility for governing the Foundation is vested in a Board of Directors composed of no fewer than 11 (eleven) and no more than 35 (thirty-five) elected, voting directors, the exact number to be determined from time to time by the Directors. Directors are elected by the Board at the annual meeting and the term of each elected Director shall begin July 1 and shall be 3 (three) years unless a shorter term is fixed at the time of his or her election. One member of the University's Board of Trustees also serves on the Foundation Board. That term on the Foundation Board runs concurrent with the term on the University's Board of Trustees. Common investment funds managed by the Foundation 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 statement 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.
- Payments made under a charitable gift annuity are backed solely by the full faith and credit of the Foundation, are not insured or guaranteed by an insurance company, are not protected by any insurance guaranty association, and are not backed in any way by the State of Tennessee.
- The gift annuity is governed by the laws of the state of Tennessee and 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. If you have additional questions concerning the Foundation's gift annuity program, please call the Planned Giving Office at (865) 974-2115.