

## Gift Annuity Disclosure Statement

### Description of a Gift Annuity

A gift annuity is a simple contract between the donor(s) and Washington State University Foundation (hereinafter "WSUF"). In exchange for the donor's(s') contribution, WSUF 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 WSUF's rate schedule.

### Not a Commercial Investment

The act of establishing a gift annuity with WSUF 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 WSUF 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 which are partially tax-free, and future estate tax savings.

### Gift Annuity Rates

Generally, the gift annuity rates paid by WSUF 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 WSUF, and they are backed by all of our assets (subject to security interests). On June 30, 2008 our total invested funds exceeded \$320,000,000, and they are invested to reduce volatility while encouraging growth. Assets received by WSUF for gift annuities are managed by Kaspick & Company, in a conservative and disciplined manner. If WSUF should ever fail financially, individuals entitled to receive annuities will qualify as general creditors of WSUF.

Responsibility for governing WSUF, which was established in 1979, is vested in a Board of Governors. 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 right to annuity payments may not be assigned to any person or organization, other than WSUF.
- 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 WSUF. If you have certificates, it is the date they are properly endorsed and mailed or delivered. Contact WSUF regarding funding a gift annuity with other asset types.
- The gift annuity is governed by applicable state laws.

### For More Information

This disclosure statement is intended to provide basic information regarding the gift annuities issued by WSUF. If you have additional questions concerning WSUF's gift annuity program, please write or call: WSU Foundation/Gift Planning, PO Box 641925, Pullman WA 99164-1925. Toll Free: 1-800-448-2978.