

TRUST AGREEMENT
(SAMPLE)

THE [NAME OF CHARITY] GIFT ANNUITY RESERVE TRUST

This Trust Agreement is made by the [NAME OF CHARITY] (the “Trustor”) and [NAME OF BANK – TRUST COMPANY] (the “Trustee”). The Trustor desires to issue charitable gift annuities as permitted under California Insurance Code Section 11520, et seq., and therefore creates a trust for the purpose of holding the reserves required by California Insurance Code Section 11521.

ARTICLE ONE
Funding of Trust

The Trustor shall transfer to the Trustee at least such amounts as are required to maintain the reserves required by California Insurance Code Section 11521 for the charitable gift annuities written by Trustor for California annuitants. The Trustee shall hold such amounts in trust, together with the income generated by such amounts, pursuant to the terms of this Trust Agreement. Trust assets shall be held by the Trustee in a fiduciary capacity, and shall be held in the title of “[Name of Bank – Trust Company], Trustee of The [NAME OF CHARITY] Gift Annuity Reserve Trust.”

ARTICLE TWO
Purpose of Trust

The trust assets are to be held in trust, legally and physically separated from all other assets of the Trustor, for the benefit of the annuitants named in the charitable gift annuity agreements written by Trustor for California annuitants.

ARTICLE THREE
Trust Investments

The Trustee shall invest the funds held in trust which are required to be maintained as reserves (the “Reserve Funds”) in accordance with the provisions of California Insurance Code Sections 11521.2, 1170 through 1177, and 1179 through 1182, as amended from time to time. The Trustee shall invest any funds in excess of the Reserve Funds in accordance with the California Uniform Prudent Investor Act.

ARTICLE FOUR
Use of Trust Funds

The Trustor is obligated to satisfy the annuity payments due to its annuitants. Notwithstanding the preceding sentence, the Trustee shall, upon the request of the Trustor, transfer to the Trustor or the designated annuitants amounts necessary to satisfy those annuity payment obligations. The Trustor shall have the right to withdraw from time to time, pursuant to an appropriate resolution of its governing body and a written request to the Trustee, such amounts determined to the satisfaction of the Insurance Commissioner to be excess over and above the reserves required by California Insurance Code Section 11521, as amended from time to time.

ARTICLE FIVE
Trust Administration

This Trust Agreement shall be governed by the laws of the State of California. The Trustee shall have all powers granted under California law, in addition to any powers conferred by this Trust Agreement and subject to any restrictions set forth in this Trust Agreement or the provisions of the California Insurance Code pertaining to Grants and Annuities Societies.

ARTICLE SIX
Trusteeship

Any Trustee may resign upon 30 days written notice to the Trustor. The Trustor may remove any Trustee upon 30 days written notice to the Trustee. In the case of the resignation, refusal, removal or inability to act of a Trustee, the Trustor shall appoint a successor Trustee with written notice to the California Department of Insurance; provided, however, that no entity shall become a successor Trustee until it has been approved in writing by the California Department of Insurance. Each Trustee shall be responsible only for its own acts or omissions, and shall not be required to audit the acts of any predecessor.

ARTICLE SEVEN
Compliance with Internal Revenue Code

It is intended that a gift to the Trustor in exchange for a charitable gift annuity comply with the provisions of Sections 170, 2055 and 2522 of the Internal Revenue Code of 1986. Accordingly, the donor of a gift given to the Trustor in exchange for a charitable gift annuity shall retain no direct interest in the funds transferred to the Trustor or in any funds held pursuant to the Trust Agreement. Notwithstanding the preceding sentence, the Trustor has created this trust for the benefit of its California annuitants for the purpose of assuring to the annuitants those protective rights that arise under the requirements of California Insurance Code 11521.1.

ARTICLE EIGHT
Amendment and Revocation

The Trustor may amend or revoke this Trust Agreement by written instrument delivered to the Trustee and with written notice to the California Department of Insurance; provided, however, that no such amendment shall be effective until it has been approved in writing by the California Department of Insurance. The Trustor may terminate this trust upon termination of its license to issue gift annuities or termination of the need for the trust; provided, however, that no such termination shall be effective until it has been approved in writing by the California Department of Insurance. Upon termination, all assets of the trust shall be distributed to the Trustor outright and free of trust.

ARTICLE NINE
Miscellaneous

9.1 The Trustee shall be entitled to reasonable compensation for its services and may be reimbursed for reasonable expenses incurred on behalf of the trust; provided, however, that the Trustor shall pay any such compensation and fees from its own funds. The Trustee shall not charge the trust assets for

any such compensation or expenses and shall not have any lien on the trust assets for such compensation or expenses.

- 9.2 The Trustee agrees to reimburse the trust for any loss or expense incurred by the trust as a result of the Trustee's negligence with respect to the maintenance, investment, and divestment of the assets of the trust.
- 9.3 All records of the trust shall be available during normal business hours for inspection by the Trustor, the California Insurance Commissioner or his or her designee, and any other person duly authorized by the Trustor.
- 9.4 The Trustee may not vote any proxies on behalf of the trust.

Date: _____

[NAME OF CHARITY], Trustor

By: _____

Its: _____

Date: _____

[NAME OF BANK – TRUST CO.], Trustee

By: _____

Its: _____