

SAMPLE ANNUITY TRUST
(ANNUAL PAYMENT DESCRIBED AS STATED AMOUNT)

TAX LAW

IRS CODE 1954
Sec. 664
Regs. Sec. 1.664 (Rg.)
Rev. Rul. 72-395 (R.R.)
I.R.B. 1972-36

ANNUITY TRUST AGREEMENT made the
day of _____, 20____, between

(hereinafter called the "Donor") and Board of Directors,
Economics Arkansas Foundation, or its successors, an Arkansas
corporation located at Little Rock, Arkansas, (hereinafter called
the "Trustee").

1. The Donor transfers and delivers to the Trustee the property described in the annexed Schedule "A", having a total net fair market value of \$ _____. This property and all receipts of every kind shall be managed and invested by the Trustee as a single fund (hereinafter called the "Annuity Trust").

Rg. Sec. 1.664-2 (a)(1)
R.R. 72-395 Sec. 4.01

2. (A) The Trustee shall pay to the Donor (in cash, in kind, or partly in each) during his life an annuity amount of \$_____ in each taxable year of the Annuity Trust. The annuity amount shall be paid in equal quarterly installments of \$_____ on the last day of March, June, September and December of each year. The payments to the Donor shall be paid from income and, to the extent that income is not sufficient, from principal. Any income of the Annuity Trust for a taxable year in excess of the annuity amount shall be added to principal. The annuity amount shall be decreased as elsewhere provided in the case where the taxable year is a short taxable year or is the taxable year in which the Donor dies. The Trustee's obligation to make payments is limited to the Annuity Trust assets.

IMPORTANT: The fixed dollar amount in paragraph 2(A) must be at least five percent (5%) of the initial net fair market value of the property transferred to the trust.

Rg. Sec. 1.664-2 (a)(1)
(iv)(a)
R.R. 72-395 Sec. 4.04

(B) The first taxable year of the trust begins with the date of the Agreement and shall end on December 31, 20 _____. Subsequent taxable years shall be on a calendar year basis. In the case of a taxable year which is for a period of less than 12 months (other than the taxable year in which the Donor dies) the annuity which must be distributed under paragraph 2(A) shall be such amount multiplied by a fraction the numerator of which is the number of days in the taxable year of the Annuity Trust, and the denominator of which is 365 (366 if February 29 is a day included in the numerator). Accordingly, during the first taxable year the first installment on March 31, 20 ____ shall be \$ _____ and all quarterly installments thereafter shall be \$ _____. In the case of the taxable year in which the Donor dies the annuity amount which must be distributed under paragraph 2(A) shall be such amount multiplied by a fraction the numerator of which is the number of days in the period beginning on the first day of such taxable year and ending on the date of the Donor's death and the denominator of which is 365 (366 if February 29 is a day included in the numerator). Notwithstanding the foregoing, the obligation of the Trustee to pay the annuity amount shall terminate with the payment next preceding the Donor's death.

Rg. Sec. 1.664-2(a)(6)
(i)
R.R. 72-395 Sec. 4.02

(C) Upon the Donor's death, this Agreement shall terminate and Trustee shall distribute all of the then principal and income of the Annuity Trust, other than any amount due the Donor, to the Board of Directors, Economics Arkansas Foundation, or its successors for (state purpose). If Economics Arkansas Foundation is not an organization described in section 170 (c) of the Internal Revenue Code of 1954 (hereinafter called "Code") at the time when any principal or income of the Annuity Trust is to be distributed to it, the Trustee shall distribute such principal or income to one or more organizations then described in section 170 (c) as the Trustee shall select in its sole discretion and in such shares as it shall determine.

Rg. Sec. 1.664-2(a)(6)
(iv)
R.R. 72-395 Sec. 4.03

Rg. Sec. 1.664-1(a) (3)
R.R. 72-395 Sec. 7.08

3. In addition to the powers conferred upon it by law, the Trustee is authorized to retain the property described in Schedule "A", or may sell the property and invest and reinvest the Annuity Trust in any kind of property without diversification as to kind or amount and without regard to the limitations imposed by law on investments. Nothing in this agreement shall be construed to restrict the Trustee from investing the Annuity Trust assets in a manner which could result in the annual realization of a reasonable amount of income or gain from the sale or disposition of trust assets.

Rg. Sec. 1.664-2(b)
R.R. 72-395 Sec. 4.05

4. No additional contributions may be made to the Annuity Trust after the initial contribution.

5. The Trustee shall not receive compensation for services rendered under this Agreement. No bond or other security shall be required of the Trustee in any jurisdiction.

IRS Code 1954
Sec. 4947(a)
Sec. 508(e)
R.R. 72-395 Sec. 4.06

6. In creating this Annuity Trust, Donor intends to obtain the full benefit of any income, gift and estate tax charitable contribution deduction to which he (and his estate) may be entitled under the Code and for the Annuity Trust to qualify as a charitable remainder annuity trust under Code Section 664 and the regulations thereunder. Accordingly, the Annuity Trust shall be interpreted, valued, managed and invested consistent with the Donor's intent. Without limiting the generality of the foregoing, the Trustee is prohibited (except for the payment of the annuity amount to the Donor) from engaging in any act of self-dealing as defined in section 4941(d) of the Code, from retaining any excess business holdings as defined in section 4943(c) of the Code which would subject the trust to tax under section 4943 of the Code, from making any investments which would subject the trust to tax under section 4944 of the Code, and from making any taxable expenditures as defined in section 4945(d) of the Code. If section 4942 of the Code is deemed applicable to the Annuity Trust by reason of section 508(e) of the Code or otherwise, the Trustee shall make distributions at such time and in such manner as not to subject the Annuity Trust to tax under section 4942 of the Code.

7. The Annuity Trust assets shall not be subject to estate, inheritance or other death taxes and the Donor agrees not to make any inconsistent direction in his Will.

8. No payments may be made from the charitable trust which would be in violation of Rev. Rul. 82-128, 1982-27 IRB7 pertaining to federal and state death taxes.

Rg. Sec. 1.664-2(a)(6)
(i)

9. This Agreement is irrevocable.

10. The Trustee shall have the power to amend this Agreement for the sole purpose of complying with the requirements of Code section 66, and Treasury Regulation sections 1.664-1 and 1.664-2.

11. This Agreement is made pursuant to, and shall be interpreted in accordance with, the laws of the State of Arkansas. However, in any conflict with section 664 of the Code and the regulations thereunder, that Code section and the regulations shall govern.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the date first above written.

(L.S.)

Donor

The Board of Directors
Economics Arkansas Foundation

By: _____

(Seal)

STATE OF _____)
) SS:
COUNTY OF _____)

On this _____ day of _____ before me, the undersigned, a Notary Public, personally appeared _____ to me known to be the same person described in and who executed the foregoing instrument and acknowledged that _____ executed the same as _____ free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the day and year above written.

Notary Public in and for
_____ County, _____

My Commission Expires:

STATE OF _____)
) SS:
COUNTY OF _____)

On this ____ day of _____ before me, the undersigned a Notary Public, personally appeared _____, to me personally known, who, being by me duly sworn, did say that he is _____ of the Board of Directors, Economics Arkansas Foundation, a non-profit corporation, and that the seal affixed to the foregoing instrument is the corporate _____ of said corporation; that said instrument was signed and sealed on behalf of said corporation by authority of The Board of Directors; and acknowledged said instrument to be the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the day and year last above written.

Notary Public in and for
_____ County, _____

My Commission Expires:
