

**Office of Gift Planning**  
**Planned Gift Acceptance Policy**

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# Office of Gift Planning Planned Gift Acceptance Policy

## Introduction

Since its founding in 1856, the University of Maryland has benefited from the private philanthropy of alumni, trustees, faculty, students, parents, and other friends. In July 2000, the new University of Maryland College Park Foundation, Inc. was established to promote and encourage support from these constituencies for the specific educational and research mission of the University of Maryland at College Park.

*Planned gifts* are the focus of the following policy, which is intended as a guide to donors, their advisors, and staff. While allowing for flexibility on a case-by-case basis, the objectives of this policy are as follows:

1. To provide perspective on the increasingly important sector of philanthropy known as “planned giving” and to clarify the role of the Office of Gift Planning at the University of Maryland College Park.
2. To explain the more popular Ways and Means of Planned Giving.
3. To introduce the general Principles and Responsibilities that inform our relationships with donors and their advisors.
4. To explain the Guidelines and Procedures used in accepting and administering planned gifts.
5. To foster awareness of The Founder’s Society.

# Office of Gift Planning

## Mission and Description

### **Mission**

The mission of the Office of Gift Planning is to increase philanthropic support for the University of Maryland College Park by working with donors to encourage their consideration of a range of giving opportunities that are suitable to their passion, interest, capacity, and values. We seek to listen, to learn, to educate, to inform, and to partner with donors and their advisors. [The Office of Gift Planning does not provide legal or financial advice and encourages donors to consult with their own advisors before completing gift arrangements.]

### **Description**

The Office of Gift Planning plays a key role in the acquisition of special gifts from major donors. The office deals with gifts made from a variety of assets – cash, securities, real estate and other kinds of tangible personal property—and with gift arrangements using a variety of techniques, including charitable gift annuities, charitable trusts, life estate gifts, and bequests.

Members of the gift planning staff have an effective knowledge of planned giving vehicles and are sensitive to a range of related areas: investment management, financial management, trust administration, and tax and estate planning.

The staff coordinates gift discussion and acceptance with the Executive Director of Development Administration and in collaboration with central and college development officers. Together, we seek to develop strategies for cultivating and approaching donors and to provide ongoing stewardship after the gift is made. In the course of solicitations, we work with donors and donors' attorneys, bank officers, accountants, financial planners, investment brokers, and executors of estates.

In addition to identification, cultivation and solicitation of prospects, we also develop marketing/communication programs for planned gifts; provide professional development programs for colleagues in basic major gift planning techniques; coordinate administration and completion of gift arrangements through the Office of Development Administration; administer bequests and legacies in probate; promote the Founder's Society; and provide research and information concerning technical and legal parameters of charitable giving.

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# Office of Gift Planning

## Perspective on Giving

### **Recent History**

By far, individuals are the single largest source of philanthropy in the United States. To be specific, in 1999, \$190 billion dollars was contributed to charitable causes by individuals (83.8%), foundations (10.4%), and corporations (5.8%). Nationwide, in 1999 planned gifts totaled \$15.61 billion, an increase of 14.6% over 1998.

It is estimated that nearly 80% of all planned gifts are made in the form of *bequests*, which are the written designations in one's will on how assets are to be distributed after death. Of the other 20% of planned gifts, the more popular ones are "life income gifts" such as *charitable gift annuities* and *charitable remainder trusts*. In 1538, the first regular *trust* was established in England. In the 1840s the first *charitable gift annuity* was created between a donor and a charity in the United States. Following Federal tax legislation in 1969, *charitable remainder trusts* began to grow as a popular planned gift option.

### **Donor Motivation and Influences**

According to the 2000 survey of nearly 1600 planned giving donors conducted by the National Committee on Planned Giving, *charitable intent* remains as the foundation of most successful gift planning. In the survey, 97% of bequest donors and 91% of charitable trust donors reported that the single most motivating factor in their decision to make a planned gift was their belief in and their desire to support the mission of the organization(s) they care about. Tax-related concerns are seldom the primary reason for making a gift, through the way a planned gift is structured might help to address tax concerns.

Our experience at the University of Maryland confirms that *charitable intent* is the foundation for the successful completion of most planned giving arrangements. Other related factors are a) timing of the gift, b) type or method of giving, and 3) the type of assets used. The following depiction illustrates this concept:

ASSETS

METHOD OF GIVING \_\_\_\_\_ TIMING OF GIFT

## Charitable Intent

### **Ways and Means of Planned Giving**

#### ***Cash***

Writing a check is the simplest way, but not always the best tax-wise way for larger gifts. You are entitled to a charitable income tax deduction of up to 50% of your adjusted gross income.

#### ***Securities***

Giving appreciated securities, bonds (though not tax exempt bonds), and mutual funds allows you are entitled to a charitable income tax deduction of up to 30% of your adjusted gross income on the full current market value of the asset as well as avoiding capital gains taxes that you would have paid if you had sold the securities separately.

#### ***Bequests***

This is the most popular way of making a planned gift. Because a bequest does not take effect until your death, you retain control of the property or assets for your entire lifetime. In your will, you can provide for the University of Maryland College Park Foundation by stipulating that a specific dollar amount, a specific percentage of your estate, or the remainder thereof be used for either general or specific purposes.

#### ***Life Insurance, IRAs and Pension Funds***

You can donate a policy or name us as beneficiary of a policy. If you name us as the owner and beneficiary of a permanent life insurance policy, the cash value or the annual premiums are tax deductible. Beneficiary designations on IRAs and other tax-deferred pension funds remove the funds from your estate and the remainder comes to us at their full current value at the time of your death. [It is important to make us the beneficiary on the appropriate form; simply making us the beneficiary in your Will, or making a testamentary gift, does not ensure that your wishes will be carried out.]

#### ***Charitable Gift Annuity (CGA)***

This, the most popular type of “life income” gift, has been around since the 1840s. In return for your gift to the University of Maryland College Park Foundation to establish the gift annuity, you receive annual income for the rest of your life and/or the life of one other person. In addition, when you make the gift you receive an immediate, one-time charitable income tax deduction. The payout percentage is based on your age at the time of the gift and follows the recommended rates of the American Council on Gift Annuities. Gifts of cash or appreciated securities are used to fund a “CGA.” The minimum requested amount to establish a charitable gift annuity is \$10,000, though many recent gift annuitants have funded their annuities with gifts ranging from \$10,000 to \$100,000.

#### ***Deferred Charitable Gift Annuity***

This “life income” gift is similar to a charitable gift annuity, except you delay the date the payments will begin. Because the starting payout date is deferred, at which point the annuitant(s) will be older, the percentage pay out rate will be considerably higher. The

minimum amount to establish a deferred charitable gift annuity is \$10,000. The minimum age is 50. Frequently donors who are still working, in consultation with their legal and financial advisors, will establish a deferred charitable gift annuity to take effect upon retirement or later as an effective financial planning tool.

### ***Charitable Remainder Trusts***

The first regular trust was established in England in the 16<sup>th</sup> century. Charitable remainder trusts, however, became popular gift “vehicles” following federal tax legislation in 1969. A variety of charitable trust arrangements are available to donors. The most popular is the “charitable remainder unitrust.” Your gift of cash, stock, or other acceptable property is used to establish the trust. You designate yourself or some other individual or organization to be the trustee who manages the assets. You receive an income for life or for a specified period of years, not to exceed twenty. There may be multiple “income beneficiaries.” The percentage pay out is no less than 5%. As in other types of irrevocable gifts, you (the donor) receive a charitable tax deduction in the year you establish the trust. Upon the termination of the trust, the University of Maryland College Park Foundation, as a “charitable remainderman,” receives what’s left in the trust. It is possible to designate more than one charitable remainderman. NB: this type of planned or “life income” gift requires specific legal and financial expertise to execute. The suggested minimum gift to establish a CRT is \$100,000.

### ***Real Estate Gifts***

You can make an *outright* gift of real estate or you can *retain* a life estate in the property. *Gifts of property can also be used to fund life income vehicles.* If you make an outright gift you deed the entire property to us and receive a tax deduction based on an independent appraisal. You avoid capital gains on the appreciation. If, on the other hand, you make a “retained life estate” gift, you a partial interest in the property to us now and *retain* use of the property during either the rest of your life or for a specific period of years. Then, upon your death, the University gains full title and use of the property. When you retain a life estate in donated property, you receive a charitable tax deduction for the appraised value less the value of the retained interest or use; you are also responsible for all property taxes, insurance and maintenance expenses. [This “give it but live in it” gift can help you make a large gift now that might otherwise not be possible for you to do, while avoiding the worry and expense of disposing of the property later.] The minimum gift threshold is \$75,000.

### ***Charitable Lead Trust***

This is the reverse of a charitable remainder trust, in that the income from the trust is paid to the University of Maryland as the “lead” beneficiary for a specific period of time. Then, when the term of the trust ends, the remainder value goes back to you the donor and/or others. The suggested minimum gift threshold is \$100,000.

### ***Gifts of Art Work, Antiques and Other Property***

Depending on our needs—and whether or not the property has a “related use” pertaining to our mission--- these gifts may 1) be kept to further our mission and/or 2) may be sold to provide you

a life income by funding, for example, a charitable remainder unitrust. In accordance with IRS regulations, the value of the gift and the tax deduction can vary significantly depending on whether or not the property has a “related use.” Other than publicly traded stocks and bonds, gifts of property with a value of over \$5,000 must have an independent professional appraisal.

# Office of Gift Planning

## Guiding Principles

- The University of Maryland College Park Foundation encourages gifts in support of our mission as a national public research university.
- Because planned gift arrangements may represent obligations extending into the future, we seek to implement policies that protect:
  - The best interests of the donor.
  - The welfare of the University of Maryland
  - The representatives and administrators charged with the management of the gift planning program.
- Before completing planned gift arrangements, we encourage donors to consult with their own personal advisors (accountants, certified estate or financial planners, attorneys, investment brokers, etc.).
- We reserve the right to decline gifts which will provide the University with little or no financial gain, or which are made for purposes that are inconsistent with our educational mission, or have restrictions that violate the University's ethical standards or require or result in illegal discrimination.
- Unless the donor has expressly specified one or more restrictions on the use of the gift, all gifts shall be classified as unrestricted.
- The criteria for gift acceptance focus primarily on the gift's immediate usefulness or its liquidity. Ideally, a proposed gift should be useful to the University in the short term, or be easily converted to cash.
- Gifts of liquid assets: cash, checks, listed securities and similar gifts can usually be accepted routinely, so long as the gift is appropriate to the University of Maryland College Park's mission. Gifts of other kinds of property may pose problems if they will increase the University's costs, or engage us in activities that are unrelated to our primary mission.
- Gifts of non-liquid assets: major gifts of real estate, tangible personal property or other non-liquid assets that are not immediately useful to the University are reviewed very carefully by a Gift Acceptance Committee.
- Gifts of property likely to have immediate usefulness to the University might include the following:

- Real property close or contiguous to the University of Maryland College Park campus or other University facilities.
- Property of scholarly interest such as papers, books, manuscripts or archival materials, computer software, films and video tapes, and pieces of fine art.
- Equipment such as computers, business machines, scientific, athletic or other equipment useful in the day-to-day operations of the University.
- If the proposed gift of property appears not to have real usefulness to the University in its offered form, then a key factor in our acceptance of the gift is the ease of marketing and selling it. If such property cannot be readily sold, then it is unlikely that it will be accepted. In such cases, given the donor's charitable intent, we would encourage her/him to consider making a gift using other resources.

## Office of Gift Planning

### **Responsibility**

- Gift acceptance decisions are a University matter, as authorized by the Board of Directors of the University of Maryland College Park Foundation. Our goal is to devise a gift arrangement that both benefits the University and gives satisfaction to the donor, in accordance with regulations of the Internal Revenue Service.
- A Gift Acceptance Committee reviews proposed gift arrangements that may be problematic for the donor and the University.
- The University's development officers are expected to be able to 1) explain to prospective donors the range of giving opportunities related to their programs and 2) describe to donors the methods of giving that may be available to them. Development officers should encourage donors to seek independent legal and financial advice prior to making a major and/or planned gift. As representatives of the University, development officers are not authorized to offer legal or financial advice on possible gift scenarios.
- Prior to completing major and/or planned gift arrangements with donors, development officers shall provide donors initially with a Letter of Proposal. Moreover, if the ultimate purpose of the gift will be to fund an endowment, after the donor and the development officer further discuss the giving opportunity and conclude that it is in the best interests of the donor and the University, the officer shall draft a Memorandum of Understanding characterizing the purpose and designation of the gift. The donor and appropriate University representatives will sign this document and copies will be given to the donor and placed on file at the University.
- When the donor's gift is to be used to create an endowed fund for a particular purpose, the development officer should suggest the inclusion of *Cy Pres* language in the Memorandum of Understanding that will permit the University to alter the use of the gift in an acceptable way to the donor if sometime in the future the original purpose of the gift becomes difficult or impossible to carry out.
- The Office of Gift Planning assists donors, their advisors, and development officers in ensuring that the appropriate methods of giving meet donors' needs and are in accordance with University policies and IRS guidelines. The Office of Gift Planning is represented on the Gift Acceptance Committee.
- The Office of Development Administration evaluates and approves planned gift arrangements prior to their completion. The leadership of

the University of Maryland College Park Foundation is represented on the Gift Acceptance Committee.

- The University encourages donors to discuss their major or planned gift intentions with legal/financial advisors. Similarly, the University may seek legal counsel to review and comment on specific proposed gift arrangements. For example, the University's counsel may provide advice and legal representation concerning the University's interest in estates in probate, in the establishment of charitable trusts, acquisition and sale of real property, and in issues related to the distributions from trusts.
- A Gift Acceptance Committee is responsible for reviewing gift proposals and resolving questions about proposed gifts. Membership includes representatives from the University of Maryland College Park Foundation and the Office of Gift Planning. The group confers as needed.

## Office of Gift Planning

### Gift Acceptance Committee

- The Gift Acceptance Committee includes the Chief Financial Officer of the University of Maryland College Park Foundation, the Director of Gift Planning, and other representatives as needed whose interest and expertise will be helpful in evaluating specific gift arrangements. From time to time the Committee may invite outside legal expertise to comment on and help evaluate gift arrangements.

## Office of Gift Planning

### Gift Acceptance Policy

#### **PUBLICLY TRADED SECURITIES**

1. The University of Maryland College Park Foundation can accept readily marketable securities, such as those publicly traded on a stock exchange.
2. Gift securities are likely to be sold immediately.
3. For gift crediting and accounting purposes, the value of the securities is the average of the high and low on the date of the gift.

#### **CLOSELY HELD SECURITIES**

1. Non-publicly traded securities may be accepted after consultation with our Gift Acceptance Committee.
2. Prior to acceptance, we shall explore methods of liquidation for the securities through redemption or sale. We shall also contact the closely held corporation to determine:
  - An estimate of fair market value
  - Any restrictions on ownership of transfer
3. No commitment for repurchase of closely held securities shall be made prior to completion of the gift of the securities.

#### **OTHER GIFTS OF RESTRICTED, ILLIQUID, PRIVATE SECURITIES AND ALTERNATIVE ASSETS**

1. When such property is involved, the Gift Acceptance Committee shall be required to review such gifts.
2. The Committee shall review each such proposed gift on an individual basis and determine the merits of acceptance in each case. Hard to value property, such as limited partnership interests, requires the same careful review. Before accepting the proposed gift, the University of Maryland may require the donor to provide an independent appraisal of the asset from a qualified professional.

3. Such gift proposals shall be reviewed on a case-by-case basis with special attention given to issues surrounding the management of the potential charitable gift vehicles, in light of the University of Maryland's fiduciary obligations as the trustee.
4. Prior to accepting the gift, and in the course of discussions with the donor and/or the donor's advisor(s), the University shall be mindful of the strategy to convert the gift into usable assets and the likely timing of such a conversion. [A "supporting organization" is an example of a type of charitable vehicle, which could be selected to complete transfers of such gifts. Another is a charitable remainder trust.]

## **REAL ESTATE**

1. The Gift Acceptance Committee shall approve all gifts of real property prior to acceptance.
2. Real property may be given to the University either outright or as an asset to fund a "net income" charitable remainder unitrust.
3. Real property includes improved and unimproved land, residences, condominiums, apartment buildings, rental property, commercial property, and farms.
4. Due to the expenses associated with gifts of real estate, we generally accept gifts of real estate that have a minimum appraised value of \$75,000.
5. Costs associated with carrying the property until it is sold shall be borne by the donor, unless otherwise agreed upon as conditional to the gift.
6. Expenses to rehabilitate the property sufficient to sell it will also be paid by the donor unless otherwise agreed to prior to the acceptance of the gift.
7. It is the donor's responsibility to obtain an independent appraisal of the property. Likewise, the donor bears the cost of the appraisal. The independent appraisal must be completed not more than sixty (60) days prior to the date of the gift's acceptance by the University. University of Maryland College Park Foundation reserves the right to commission for itself a second appraisal or evaluation if marketability is a concern.
8. The donor should be encouraged to seek independent counsel to address tax-related issues.
9. The donor must understand that the University has the right to dispose of the gifted property. Unless the property is designated (and accepted by the University) for use by a University program, general practice is to sell all gifts of real estate as soon as possible. The donor shall be told that the University will

attempt to sell the property at a reasonable price consistent with current market conditions.

10. If provided by the donor, the University will sign Form 8283 acknowledging the appraisal and will report on Form 8282 any sale occurring within two years of the date of gift.
11. During negotiations the University retains the right to refuse a gift without incurring cost or liability.
12. To initiate the gift acceptance process, the development officer, through the Office of Gift Planning, shall submit a proposal to the Gift Acceptance Committee containing the following information:
  - a. Donor's name and address.
  - b. University of Maryland College Park degrees and schools attended, if any.
  - c. Gift designation, if any.
  - d. Proposed gift vehicle: an outright gift, a type of planned gift, endowment gift
  - e. Copies of 1) real estate deed, 2) real estate tax bill, 3) plot plan, 4) substantiation of zoning status.
  - f. An appraisal of the property, conducted in accordance with IRS guidelines, provided and paid for by the donor.
  - g. The existence and amount of any carrying costs, such as property owner's association dues, country club membership dues, taxes, and insurance.
  - h. The existence and amount of any outstanding mortgage or liens on the property.
  - i. An analysis or comment on the marketability of the property.
  - j. A Phase I environmental audit is generally required for all gifts of real property, regardless of type (residential, commercial, or undeveloped) before acceptance and transfer of title. In each case a preliminary site inspection shall be performed by a qualified university representative or consultant. This inspection should include observation of the adjacent and surrounding area. A summary report of the observations shall be prepared and included in the donor's file.

If the property has been used commercially, either in the past or present, this assessment shall include obtaining a title history that includes a chain of title and copies of current and expired property interests, liens, and encumbrances.

If necessary, the University of Maryland College Park may cover the costs of the Phase I audit.

If it appears that the property is likely to be free of hazardous substances, a decision may be made to recommend acceptance of the property. If possible environmental problems are indicated by the Phase I audit, and if the

University wishes to pursue this gifting opportunity further, a Phase II investigation may be initiated

- k. A statement of any restrictions requested by the donor concerning the disposition, use, or sale of the gift of property.
13. Confirmation by the donor of the following:
- a. The donor is the rightful owner of the property.
  - b. No violations of state, local or federal law exist on the property.
  - c. No comments, restrictions or conditions exist within the title.
  - d. No unrecorded rights of way, easements, or encumbrances are attached to the property.
  - e. No contractual or other donative commitments to other individuals, corporations, or groups are attached to the property.
  - f. The property is neither the subject of nor threatened with litigation.
14. As a courtesy to the donor, he or she may submit a plan for selling the property, including a list of potential buyers. [NB: The development officer should protect the donor's interest by pointing out to the donor that he or she should not engage in negotiations with the potential buyers; if the donor does so, he or she risks the possibility of entering into a prearranged sale, thereby triggering the imposition of capital gains tax as a result of the transfer.]
15. The Gift Acceptance Committee shall review this proposal to determine whether the property should be accepted. As part of the review, the Committee will verify the Phase I environmental audit and will, in consultation with University Relations, determine if a possibility exists for adverse publicity should the property be accepted. Any extraordinary expenses related to this review shall be deducted from the proceeds of the sale of the property.
16. After consideration of the acceptability of the property, a legal review if deemed appropriate by legal counsel, and evaluation of the proposal submitted by the development officer, the Gift Acceptance Committee, shall decide a) whether to accept the proposed gift, b) whether or not to accept the terms of the gift vehicle, outright gift, planned gift, endowed gift, or other arrangement, and c) whether or not to accept any of the donor's proposed restrictions on the gift.
17. Pending the gift's acceptance, the University will use or dispose of it in accordance with its policy.
18. The development officer, in consultation with the Office of Gift Planning, shall inform the donor of the actions of the Gift Acceptance Committee and of any requested modifications to the proposed gift. If the gift is accepted, the University shall acknowledge the gift in accordance with its policy on gift acknowledgment and stewardship.

19. The University of Maryland College Park shall not assign a value to the gift property. It is the donor's responsibility to do this.

## **LIFE INSURANCE**

1. Development officers who anticipate gifts of life insurance policies should inform the Office of Gift Planning.
2. For a gift of life insurance to be acceptable to the University of Maryland College Park as a gift, the following criteria must be met:
  - a. The University of Maryland College Park or the University of Maryland College Park Foundation must be designated the irrevocable owner and beneficiary of 100% of the policy.
  - b. Term policies are not accounted as gifts.
  - c. The policy should insure only the life of the donor, the donor's spouse, or significant other. Policies insuring children of the donor are acceptable, but are not widely encouraged.
  - d. If the policy is paid up at the date of gift, the University shall report the gift as follows: a) if the donor is less than 65 years old, the policy will be counted at the cash surrender value as a current outright gift, and b) if the donor is 65 years of age or older, the policy shall be counted at the death benefit value.
3. Paid-up whole life policies of any amount may be donated.
4. If the policy is partially paid up, the value of the gift for gift crediting and accounting purposes is the policy's cash surrender value. (Note: For IRS purposes, the donor's charitable income tax deduction is equal to the interpolated terminal reserve, which is an amount slightly in excess of the cash surrender value.)
5. Gifts involving life insurance for which the University of Maryland is required to pay premium payments for the donor shall generally not be accepted.
6. Life insurance products shall not be promoted by life insurance agents to University of Maryland alumni through the University or at a University of Maryland-sponsored event.

## **TANGIBLE PERSONAL PROPERTY**

1. Gifts of tangible personal property should have a use related to our mission or "exempt purpose."
2. Gifts of jewelry, artwork, collections, equipment, and software shall be accepted after approval by the Gift Acceptance Committee.

3. Such gifts of tangible personal property defined above shall be used by or sold for the benefit of the University of Maryland College Park Foundation.
4. Generally, we do not encourage a gift of property that requires special display facilities or security measures.
5. Proposed gifts of tangible personal property shall be accompanied by a full description of the property being offered.
6. A current qualified appraisal of the property must be made available, if crediting is an issue, prior to the University of Maryland's acceptance of such gifts. Obtaining an appraisal and related expenses is the responsibility of the donor.
7. Depending upon the anticipated value of the gift, we may have a qualified independent appraiser value the gift prior to acceptance.
8. The University of Maryland College Park Foundation adheres to all IRS requirements related to disposing gifts of tangible personal property and filing appropriate forms.

### **Charitable Gift Annuities (Immediate)**

1. Administrative fees shall be paid from the income earned on the charitable gift annuity.
2. There shall be no more than 2 beneficiaries on a charitable gift annuity.
3. The minimum gift accepted to establish a charitable gift annuity is \$10,000.
4. No income beneficiary for a charitable gift annuity shall be younger than 60 years old.
5. The University of Maryland College Park Foundation will use the rate schedule suggested by the American Council on Gift Annuities as a representative guide. Lower rates may be negotiated with individual donors and must be approved by the Gift Acceptance Committee.

### **Deferred Gift Annuities** (See Charitable Gift Annuities, above)

1. Administrative fees shall be paid from the income earned on the charitable gift annuity.
2. There shall be no more than 2 beneficiaries on a deferred gift annuity.

3. Except for special circumstances the minimum gift accepted to establish a deferred gift annuity is \$10,000.
4. No income beneficiary for a deferred gift annuity shall be younger than 50 years old.
5. The University of Maryland College Park Foundation offers rates that do not exceed the maximum recommended by the American Council on Gift Annuities suggested rates.

### **Charitable Remainder Trusts**

1. Due to the cost of drafting and administration, the minimum suggested amount to establish a charitable remainder trust is \$100,000.
2. Management fees for the administration of a charitable remainder trust when the University of Maryland College Park Foundation is named as trustee or co-trustee shall be paid from the income of the trust.
3. Investment of a charitable remainder trust shall be determined by the fiduciary hired to manage the trust. No representations shall be made by an employee or person acting on behalf of the University of Maryland College Park Foundation as to the management or investment of such charitable remainder trust.
4. The payout rate of a charitable remainder trust shall be determined in consultation with the donor and/or the donor's advisor and the University of Maryland College Park Foundation. By law the payout rate cannot be lower than 5%, and 10% of the value of the trust on the date it is established must be retained for charity. Among the factors that influence the decision as to the payout rate are the number of beneficiaries, their ages, and the size of the trust.
5. The beneficiary(ies) should be at least 50 years of age, and the maximum number of beneficiaries shall be two.
6. If a donor wishes the University of Maryland College Park Foundation to serve as trustee for a trust that is to share the charitable remainder with another charitable organization, at least 60% of the trust's proceeds must be designated to us as the irrevocable charitable remainderman.

### **Bequests**

1. We encourage alumni and friends to disclose to us their bequest intentions in writing to ensure that we will be able to carry out their future wishes, that we can provide them with information that pertains to their interests, and/or that we have

an opportunity to discuss any problematic intentions (such as, for example, making a bequest for a program or project that doesn't exist.) Gifts that appear to require more cost than benefit shall be discouraged or rejected.

2. The University of Maryland College Park Foundation shall not act as an executor/executrix (also known as a personal representative) for a donor's estate.
3. Suggested Bequest Language:

**Percentage of Estate:** "I give to the University of Maryland College Park Foundation, of College Park, Maryland, a tax exempt organization under 501(c) (3) of the Internal Revenue Code (EIN# 52-2197313) an amount equal to \_\_\_\_ percent (\_\_\_\_%) of my adjusted gross estate as finally determined for federal estate tax purposes, for the benefit of [the University of Maryland, school, college, department, or program.]"

**Specific Amount:** "I give to the University of Maryland College Park Foundation, of College Park, Maryland, a tax exempt organization under 501(c) (3) of the Internal Revenue Code (EIN# 52-2197313) the sum of \$\_\_\_\_\_ for the benefit of [the University of Maryland, school, college, department, or program.]"

**Gift of Residuary Estate:** "I give the rest, residue, and remainder of the property owned by me at death, real and personal, wherever situate, to the University of Maryland College Park Foundation, of College Park, Maryland, a tax exempt organization under 501(c) (3) of the Internal Revenue Code (EIN# 52-2197313) for the benefit of [the University of Maryland, school, college, department, or program.]"

**Gift of Specific Property:** "I give my [property description] to the University of Maryland College Park Foundation, of College Park Maryland, , a tax exempt organization under 501(c) (3) of the Internal Revenue Code (EIN# 52-2197313)."

**Provision providing for the payment of a pledge(s):** I direct my personal representative to pay to the University of Maryland College Park Foundation, of College Park, Maryland, a tax exempt organization under 501(c) (3) of the Internal Revenue Code (EIN# 52-2197313) as a debt of my estate, any balance which is due or which will become due under the terms of any documented pledges or promises made by me to the Foundation or to the University of Maryland during my lifetime."

## ENDOWED FUNDS

1. Named Gift Requirements

Provided below are the minimum gift amounts required for an endowment fund to be named by a donor. It is assumed that naming gifts will be paid within a five-year pledge period. The minimum amount required to establish a separate endowment account is \$25,000, payable within a five-year period.

**Faculty Development, Recruitment, and Retention**

Chair	1,500,000
Professorship	500,000
Faculty Fellowship	200,000
Faculty Development Fund	100,000

**Student Awards and Student Financial Assistance**

**Graduate Students**

Distinguished Graduate Fellowship	500,000
Graduate Fellowship	250,000
Graduate Student Award	100,000

**Undergraduate Students**

Visionary Scholarship	400,000
Gateway Scholarship	200,000
Pathway Scholarship	100,000
Scholarship Award	25,000

**Programs**

The named gift levels for schools, colleges, department centers, institutes and academic programs will be established on a case-by-case basis. Generally, the endowment will need to generate 10% to 20% of the unit’s operating budget, depending on the size of the unit.

**Facilities**

A. Buildings

The naming level for buildings will be established on a case-by-case basis. Preferably the naming gift will represent 50% of the estimated total but should not be less than 20%. The naming of exterior spaces must be approved by the vice president of university relations, the president and the board of regents.

B. Interior Spaces

The naming level for classrooms and laboratories and other interior spaces will be established on a case-by-case basis. Generally, the naming gift will be expected to represent at least 50% of the estimated cost of the space.

***Note: Based on the policy of the University of Maryland College Park Foundation, approximately 4.5% of the market value of an endowment fund is available each year to support the purposes (s) of the fund.***

- To establish an endowment:

- For an outright gift, the fair market value of the asset used must meet the minimum endowed level, or a Memorandum of Understanding should be completed with the University in which the donor pledges to fund the endowed project over an agreed-upon timeframe.
  - For a planned gift, the fair market value of the gift must meet the minimum endowed level. (Note: A nonprofit organization may choose an alternate method of valuation such as present value.)
3. The endowed fund pays out approximately 5% of income earned each year to the program or project designated by the donor.
  4. Donors shall receive an annual report detailing the investment performance and use of the fund.

## *Office of Gift Planning*

### The Founder's Society

Great universities are the result of a combination of factors: a compelling vision, a superb faculty, committed students, and the resources to achieve excellence.

*The Founder's Society* honors individuals and families, living and deceased, who have made planned or estate gifts to the University of Maryland or to the University's specific schools, colleges, departments or programs. These commitments may be for any amount, and they may be directed to any school, program, or University-related foundation. They may be designated for specific purposes, such as scholarships, fellowships, faculty chairs and professorships, or they may be unrestricted to help the University to address future needs that cannot be foreseen today.

Gifts that earn donors recognition in *The Founder's Society* include

- Realized bequests by Will
- Bequest intentions
- Donors who have established Charitable Gift Annuities (Immediate or Deferred) with the University of Maryland
- Donors who have included the University of Maryland as a beneficiary of Charitable Remainder or Lead Trusts
- Life insurance designations to benefit the University
- Gifts of retirement plan assets to benefit the University
- Real estate and Life Estate gifts
- Pooled Income Gifts with the University

Due to their special tax advantages, some types of planned gifts allow donors to meet their personal financial objectives while benefiting the University of Maryland College Park in significant ways.

With our benefactors' permission, *The Founder's Society* recognizes and honors members in various publications and newsletters, at an annual reception, and on a *Founder's Society's* roster that is revised periodically. By their example, members of *The Founder's Society* demonstrate their belief in the importance of the future of the University of Maryland at College Park. [www.giftplanning.umd.edu](http://www.giftplanning.umd.edu); email: [giftplanning@umd.edu](mailto:giftplanning@umd.edu). Toll-free: 1-866-646-4UMD. Fax: 301-314-9952