

## **Planned Giving Policies & Procedures**

Trinity Oaks (TO) seeks to offer planned gift opportunities to its donor base and to that end has established a Planned Giving Policy. TO will provide a broad range of gift options, including those that reserve income for the donor and those that are outright gifts.

TO recognizes its primary responsibility is to its supports and will always remain cognizant of the donor's needs and desires. TO reserves the right to refuse any planned gift, or enter into any planned gift arrangement, that is not in TO's best interest.

### **Legal Council**

TO shall seek legal council by obtaining approval of agreements relating to the Planned Giving Program. Prospective donors are urged to be represented by his or her own council to review the gift to be donated and the advisability of the gift in light of the donor's overall estate plan. Staff members of TO shall not give legal advice to prospective donors. In particular, representatives of TO shall use caution in discussing with donors the amount of income they may expect and specific tax information they are to receive when an exact amount is not specified in the agreement.

### **Approval of Planned Gifts**

1. All planned gifts will meet the guidelines of the Policies and Procedures document.
2. All planned gift agreements will be approved by the Advisory Board and signed by the Executive Director.
3. In the event that TO is to act as a trustee of a trust established as a planned gift, the President and the Treasurer of the Board of Trustees must sign the agreement.

### **Confidentiality**

All information obtained from or about donors or prospects will be kept in confidence by TO. No public announcement will be released or published without written permission from the donor.

### **Payment Schedule**

TO shall make payments on all planned gifts in accordance with the terms of the gift agreement, and as required by the rules and regulations of the Internal Revenue Code, and in accordance with the desires of the donor and any beneficiaries to the extent consistent with the gift agreement and applicable law.

### **Planned Giving Program**

Broadly defined, a planned gift is one which is legally provided for during the donor's lifetime but whose principle benefits do not accrue to TO until some future date. TO will accept planned gifts in the following forms:

1. Bequests included in the will of a donor or a bequest in a trust created by the donor.
2. Gifts of cash and/or other assets within come reserved for the life of the donor and/or another beneficiary. These types of gifts can take the following forms:
  - a. Charitable gift annuity
  - b. Deferred charitable gift annuity
  - c. Charitable remainder trust

d. Pooled income fund agreement

3. Gifts of personal residence, or other real property with life use and enjoyment retained by the donor.

4. Gifts of current life insurance policies and/or the establishment of a life insurance endowment.

## **Details of Specific Programs**

### **1. Bequests**

Bequests are defined in an individual's will or trust. They can take many forms, donating land, cash, insurance, etc. and are completely controlled by the donor until their death.

Representatives of TO are authorized to encourage donors to leave outright gifts to TO in their will or trust agreement or to establish gift annuities and trusts by means of such instruments. The Director of Development is responsible for maintaining a confidential record of information about known provisions in will for bequests to TO.

### **2. Gifts of Cash or Assets with Income Reserved**

#### *a. & b. Charitable Gift Annuity/Deferred Charitable Gift Annuity*

In return for a gift, TO promises to pay a fixed dollar return for life to the donor and/or beneficiaries. Contracts are limited to one life and two lives at the time of the gift. Additions may not be made to existing contracts. TO will accept current gift annuities that begin payment within one year of the gift date, as well as deferred payment gift annuities, whose initial payment is at least one year after the gift date. The deferred period will begin at the discretion of the donor.

The uniform annuity rates as recommended by the American Council on Gift Annuities will be used as a guide for setting rates. We will always offer the maximum annuity rate to each potential donor, but we may suggest if that person was willing to accept a lower rate, a larger charitable deduction would be obtained for the same size gift.

Gifts will be limited to cash and securities for which a ready market already exists. TO will operate a segregated gift annuity fund, in which identifiably separate investments will be maintained and which is not part of any other investment or endowment fund of the institution. The minimum acceptable gift will be cash or the fair market value of securities valued at \$5,000. Payments will be made quarterly, semi-annually or annually. At the death of the last annuitant, the remaining principle shall be used as provided by the agreement.

#### *c. Charitable Remainder Trust*

The donor and/or beneficiaries receive annually an amount fixed irrevocably at the time of the gift. The amount is stated in the trust agreement either as a dollar amount or as a percentage of the original value of the gift. The annual payment never changes in value. Income more than the annual payment is added to the principal. If the income in any one-year is less than the annual payment, the difference comes from the principal. Only the assets of the trust back the commitment to the beneficiary. Assets of TO are not involved. Additions may not be made to the existing annuity trusts.

Representatives of TO are authorized to solicit gifts for the annuity trust at a rate of annual payments of not less than 5% and not more than 10% of the fair market value of the initial assets. The investment strategy will be to provide income equal to the commitment of the donor and then to provide growth as possible. The Finance Committee of TO will review the investment performance of each trust annually. The minimum age of the beneficiary is 50 and the minimum original gift shall be \$100,000. At the death of the last beneficiary, the assets of the trust shall be distributed as provided in the trust agreement.

*d. Pooled Income Fund*

The pooled income funds, which have been established by TO, are like charitable mutual funds which commingle gifts from many donors, invests the assets in a broad based portfolio of stocks and/or bonds, and pays the donor quarterly, semi-annually or annually. The rate of return will depend on the investments in the fund.

Representatives of TO are authorized to solicit gifts to the Pooled Income Fund. The investment strategy will be to provide competitive income based on market conditions and to adjust the nature of the investment as deemed appropriate to provide income of the type most advantageous to the donor, with regard to preservation of principal.

Representatives of TO must ensure that donors understand that payments from a pooled income fund may increase or decrease from year to year. The Finance Committee of TO will review investment performance annually. Minimum age for the beneficiary is 50 and minimum original gift is \$5,000 with subsequent transfers of \$1,000. At the death of the last beneficiary, the assets of the pooled income fund shall be distributed for use of TO.

**3. Real Estate**

Real estate and other real property, both improved and unimproved, is commonly used to make a charitable donation. A master appraiser (MAI) will be used to determine a fair market value of any contribution of real estate. The personal property or other real property may be deeded to TO while the donor retains a life estate, that is, the right to continue to live in the property during a donor's lifetime.

The following guidelines will apply in determining the types of property that would generally be accepted by TO.

1. Planned gifts should not be funded with interests in property which may lead to prohibited transactions described in the Internal Revenue Code, Treasury Regulations and other laws as determined from the advice of council.
2. The TO shall take the necessary steps to determine whether there are any environmental risks associated with the property, and if so, have legal council determine the potential liability arising from those risks.
3. Land and building area.
4. Current property insurance coverage
5. Principal balance and terms of mortgage
6. Title/zoning
7. Property maintenance budget

#### **4 . Life Insurance**

A gift of life insurance for the benefit of TO may take many forms. The following five are accepted by TO.

1. Give an existing paid-up policy by changing the owner and the beneficiary to TO.
2. Give an existing policy on which the donor is still paying premiums and name TO as irrevocable owner and beneficiary.
3. Purchase a new policy, transferring all incidents of ownership to TO. The donor will hold the policy for a period of time as agreed by both parties.
4. Name TO as beneficiary or as a co-beneficiary to share in the policy proceeds with another beneficiary.
5. Name TO as a contingent beneficiary so the proceeds will become a charitable gift if the first beneficiary has died.

Representatives of TO are authorized to solicit gifts of insurance from prospective donors. Upon notification, the Director of Development will secure the following information: name of donor, name of insured, insured's date of birth, date of gift, face value of policy, type of policy, cash surrender value, timing and amount of premium payments, name and address of insurance company and the account number of the policy. A copy of the contract will be secured outlining the preferred billing procedure for the premium payments if applicable.

When the donor's gift is received, it will be credited according to the following guidelines:

1. Capital gift credit for the cash surrender of a fully paid or non-paid up policy.
2. Capital gift credit for the amount of premiums paid directly to TO.
3. Capital gift credit for premiums paid directly to the insurance company if the donor sends evidence of his/her payment.
4. No credit unless the gift is irrevocable.