

Advancement | UCF Foundation, Inc.

Deferred Gift Acceptance Policy

Policy# 9.03

Effective Date: 10/20/2020

Responsible Department: Development

1. PURPOSE

This policy sets forth the requirements for acceptance of deferred gifts to the University of Central Florida Foundation, Inc. (“Foundation”) on behalf of the University of Central Florida (“University”) and provide guidance to prospective donors and their advisors when making gifts to the Foundation.

2. APPLICABILITY

This policy applies to all University employees soliciting or processing deferred gifts.

3. POLICY

All deferred gifts for the benefit of the university should be documented with a Letter of Intention for Planned or Deferred Gift form (LOI) signed and dated by the donor. Donors should be encouraged to share an estimated value of their gift on the LOI. The completed LOI is sent to the Assistant Vice President for Gift Planning who will enter the gift into the APOLLO database before the Advancement Services department may document this expectancy.

The Foundation, its staff and representatives shall endeavor to assist donors in accomplishing their philanthropic objectives in providing support for the Foundation. Any exceptions to Foundation policies must be made and approved by the CEO of the Foundation with input from the CFO, and the Foundation’s legal counsel as needed and may require additional approvals if outlined in a specific policy.

Conflict of Interest and Use of Legal Counsel

The Foundation does not provide legal, tax or financial advice. Donors will be encouraged to discuss charitable gift planning decisions with his or her legal, financial or tax advisor before entering into any commitment to make a gift to the Foundation. Additionally, the Foundation may seek the advice of legal counsel in matters relating to acceptance of a gift when appropriate. The Foundation may not endorse any individuals or firms, including financial planners, tax advisors, or lawyers who specialize in estates and trusts, so as to avoid a possible conflict of interest.

Deferred Gift Types

All deferred gifts received by the Foundation must be consistent with the University’s and the Foundation’s missions, purposes and priorities. Deferred gifts include designating the university in a will provision, naming the university as a beneficiary of an IRA or retirement plan, creating a Charitable Gift Annuity, creating a Charitable Remainder Trust, creating a gift of Life Estate in Residence, creating a Charitable Lead Trust, or designating the Foundation as a beneficiary of a life insurance policy. The Foundation may receive deferred gifts in the form of cash, such as a bequest from a donor’s estate, a transfer of stock or by receiving a gift of real property. Foundation policies will apply in the acceptance and administration of these gifts.

Bequests

Gifts through a donor's will or trust are accepted by the Foundation. Development officers should obtain a Letter of Intention for Planned or Deferred Gift form (LOI) which is signed by the donor and includes the donor's estimated value of the future gift. When possible, the development officer should obtain copy of the portion of the donor's will which names the Foundation as a beneficiary and be attached to the LOI. The Foundation will not typically serve as an executor of a donor's estate or as trustee or successor trustee of a living trust or other trust intended to serve as a person's primary estate planning document.

Life Insurance

A donor may name the Foundation as both beneficiary and irrevocable owner of an insurance policy or the donor may name the Foundation as a beneficiary. If the donor contributes future premium payments, the Foundation in most cases will include the entire amount of the premium payment as a gift upon receipt. The Foundation will only accept "universal" and "whole life" type insurance instruments.

The Foundation may accept ownership of a life insurance policy that meets the following criteria:

- The Foundation is named both beneficiary and irrevocable owner of the policy;
 - The policy death benefit is not split between the Foundation and other charities/non-charities;
 - The policy covers the life of the donor;
 - The policy is paid up to the donor's age 100;
 - The policy does not have any outstanding loans at the date of the gift; and
 - The Foundation has received and reviewed the insurance illustration.
- If named beneficiary only, then a copy of the Life Insurance policy and a signed Letter of Intention for Planned or Deferred Gift form (LOI) by the donor is required to document the gift commitment.

Term Life Insurance: Term life insurance policies are not accepted as gifts. Some donors may make the Foundation a beneficiary of their term life insurance policy. In that case, the Foundation may recognize that gift by including the donor in the Charles Millican Legacy Society. The gift is recorded as a revocable bequest by life insurance.

Life Income Gifts

Charitable Gift Annuities

A Charitable Gift Annuity is an agreement between a donor and the Foundation in which the Foundation agrees to pay the donor a fixed income for life in exchange for a gift. At the end of the donor (s) life, the remaining assets will fund the area of greatest interest to the donor(s). The minimum gift for funding an annuity is Twenty-Five Thousand and 00/100 Dollars (\$25,000). The minimum age for life income beneficiaries of a gift annuity is sixty-five (65). If the annuity is deferred, the minimum age of the annuitant at the time payments begin must be sixty-five (65). The payment is a binding liability of the Foundation. A charitable gift annuity shall have an annuity rate no higher than the rate suggested by the American Council on Gift Annuities at the time the gift is funded. Under IRS regulations, the maximum number of life income beneficiaries is two.

Charitable Remainder Unitrust

A charitable remainder unitrust ("CRUT") permits a donor(s) to make a gift and receive payments for a life, two lives, or a term of years and allows for flexible payout options. The gift to fund the CRUT shall be cash, real property, or marketable securities. The Foundation will not serve as trustee for a CRUT. The percentage to be paid by the unitrust to the donor or to donor's designee(s) shall represent no less than five percent (5%) each year of the value of the trust assets, as revalued annually. Under IRS regulations, a CRUT may not last for more than two measuring lives and may not have a term longer than twenty (20) years.

The arrangement to be used when an illiquid or non-income producing asset is contributed to a CRUT is a net income unitrust with a “flip” provision. This provision will cause the CRUT to become a standard unitrust no sooner than the year after the asset is sold. The donor must agree to contribute liquid assets at the time of the gift to cover expected costs as well as in the future in order to cover all costs incurred by the trust (this should be documented in a letter of agreement signed by the donor and the Foundation prior to acceptance).

Charitable Remainder Annuity Trusts

A charitable remainder annuity trust (“CRAT”) is similar to a CRUT and subject to the same policies and procedures, except that the donor and/or beneficiary annually receive a payout that is fixed irrevocably at the time of the gift and stated in the trust agreement. The payout must equal at least five percent (5%) of the fair market value of the assets placed in the trust when it is created. Income in excess of the annual payment is added to the principal. Unlike a CRUT, additions may not be made to a CRAT. The Foundation will typically not accept gifts of real property to fund a CRAT.

Retained Life Estate

The suggested minimum value for entering into a retained life estate agreement is One Hundred Thousand and 00/100 Dollars (\$100,000). Until the property is received by Foundation, the donor is responsible for property repairs, taxes, insurance and other expenses. The donor’s attorney or title company, rather than the Foundation, will prepare the deed and it will be approved by the legal counsel of the Foundation.

Charitable Lead Trusts

Charitable Lead Trusts (CLT) are designed to pay an income stream to the Foundation for a term defined in the trust instrument with the remainder interest passing to non-charitable remainder beneficiaries, such as children or grandchildren, upon termination of the trust. The Foundation may accept a designation as income beneficiary of a charitable lead trust.

Endowment Levels

The minimum gift level for creating a named endowment at the Foundation is in accordance with the Foundation’s Endowment policy. The spendable income from this endowment will be restricted for the benefit of the intended program as directed by the donor. Deferred gifts that are below this threshold may be deposited in an existing project number that is closely aligned with the donor’s intent. Endowment funds may be named for persons, living or deceased, as directed in the Letter of Intention for Planned or Deferred Gift form (LOI) or Gift Agreement.

4. CLARIFICATION

Requests for clarification of this policy should be sent to Assistant Vice President of Gift Planning.

Name: Michael J. Morsberger

Title: Vice President for Advancement and Chief Executive Officer

Revision History:

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