

Thank you for choosing to put your trust in Chatham by creating a legacy that will impact our students and university well into the future. We greatly appreciate your review of our Gift Acceptance Policies and encourage you to contact the Individual Giving Department with any additional questions. We may be reached at:

Jennifer Thoma
Senior Associate Director of Individual Giving
Chatham University
Woodland Road
Pittsburgh, PA 15215
412.365.2731 or jthoma@chatham.edu

Acceptance of any contribution, gift or grant is at the discretion of the Chatham University Gift Acceptance Committee. Chatham University accepts gifts that can be expended consistently with the purpose and mission of Chatham University.

Types of Deferred and Planned Gifts Accepted

1. Bequest Expectancies:

The University encourages donors to consider making provisions in their estate planning for eventual bequests to Chatham, and welcomes discussion about such provisions in order to ensure that the purposes to which the funds are to be applied are consistent with the institution's gift policy and its mission.

When bequest expectancies are revocable, the dollar amounts of such gifts are not usually credited to the institution until they are actually received. However, during campaigns, revocable bequests will be counted when the donor provides documentation of the bequest. The amount of the bequest will be discounted based on the age of the donor.

Irrevocable bequests with documentation that will be binding to the estate will be recorded and counted as pledges when received.

2. Charitable Gift Annuities:

The University will issue gift annuity contracts where cash or other property is transferred to the University in exchange for the University's promise to pay a fixed, guaranteed income to the donor, or to another party named by the donor, for life.

A current gift annuity provides lifetime income beginning within one year of the purchase of the annuity. A deferred gift annuity provides lifetime income beginning more than one year after the purchase of the annuity.

- a) The annuity obligation shall be a general obligation of the University.
- b) The University's policy governing gift annuity reserves shall be as follows: the University will establish a segregated trust account, depositing 100% of the amount transferred for the charitable gift annuity. Individual accounting will be made of each agreement and

remaining amount.

- c) Gift annuities will have a minimum of \$10,000.
- d) No gift annuity agreement shall be issued unless the charitable gift computed using government tables, exceeds 10% of the valued transferred for the annuity.
- e) No agreement shall be issued for a beneficiary under the age of 50.
- f) No gift annuity agreement shall be for more than two lives.
- g) A period of deferral between the transfer for the deferred payment annuity and date of the annuity payments commence shall be no more than 20 years.
- h) The rates payable on charitable gift annuities shall not exceed those established by the Council on Gift Annuities.
- i) Annuity payments shall be made at the discretion of the donor on a quarterly, semi-annual or annual basis, but in no event shall the amount of such payment be less than \$10, except for annual payments.

3. Life Estate Contracts:

The University will consider accepting a contribution of the remainder interest in a farm or personal residence, where the donor retains the use of the farm or residence for either a term of years or lifetime. The University will only accept life estate contracts on real property which is unencumbered.

- a) Because Chatham has no legal liability in a life estate agreement, no guidelines are necessary except those governing the legal instruments. It is the responsibility of the donor to pay all property taxes, insurance, maintenance and upkeep on the subject property.
- b) If state law requires participation of Chatham in any capital improvements on property subject to a life estate agreement, no expenditures for capital improvements will be made without the approval of the Gift Acceptance Committee of the University.
- c) Undivided partial interest shall be accepted by the University only with approval of the Gift Acceptance Committee.

4. Life Insurance Policies:

- a) The University may accept ownership of any paid up life insurance policy. If the donor has borrowed against the cash value of the policy, or premiums are still being paid, the gift of the policy should be reviewed by the Gift Acceptance Committee to assure that the University will receive some residual benefit.
- b) Chatham should be designated as sole beneficiary or joint beneficiary with one or more

individuals and/or organizations.

- c) The University may accept the assignment of dividends on any insurance policy.
- d) Any other life insurance arrangements shall be reviewed by the Gift Acceptance Committee.

5. Charitable Remainder Unitrust:

DESCRIPTION: Cash or other property is transferred to an individually designed trust to pay income to the donor, or a beneficiary designated by the donor, for a number of years or for lifetime. At the end of the trust period, assets remaining are distributed to the charity. In a unitrust, payments received by the donor are based upon percentage of trust assets as valued annually.

- a) The University will seek a corporate trustee to serve as trustee of a charitable remainder unitrust OR the University may choose to engage an outside entity as custodian and administrator of the trust.
- b) Charitable remainder unitrusts will have a minimum of \$100,000.
- c) The annual percentage payout to a donor shall be no less than 5% of the fair market value of the assets of the trust, and no more than the amount which will cause the charitable deduction to fall below 10% of the value of the property transferred.
- d) For lifetime unitrusts, no beneficiary shall be under the age of 50.
- e) The maximum number of beneficiaries will be two.
- f) No property will be accepted as trust corpus that will violate any section of the tax code pertaining to charitable remainder unitrusts.
- g) No non-income producing property shall be accepted in a charitable remainder unitrust, unless that unitrust allows for payment of actual income earned, only.
- h) With the exception of paragraph (g) above, property which is not a listed security or a security traded over the counter, shall not be accepted in a charitable remainder unitrust if it does not have an income flow sufficient to meet the payout of the trust, or have sufficient liquidity with which to make up any deficit in income.
- i) If non-income producing property is accepted in a charitable remainder unitrust having an earned income only clause and there is insufficient income producing property to pay for trustee fees, real estate taxes and out of pocket expenses, said expenses shall be the responsibility of the donor.

6. Charitable Remainder Annuity Trust:

DESCRIPTION: Cash or other property is transferred to an individually-designed trust to pay

income to the donor, or a beneficiary designated by the donor for a number of years or for lifetime. Payments received by the donor are based upon a percentage of the initial fair market value of property transferred.

- a) The University will seek a corporate trustee to serve as trustee of charitable remainder trusts OR the University may chose to engage an outside entity as custodian and administrator of the trust.
- b) Charitable remainder annuity trusts will have a minimum of \$50,000.
- c) The fixed percentage to be paid shall be no less than 5% of the fair market value of the assets of the trust, and no more than the amount which will cause the charitable deduction to fall below 10% of the value of the property transferred.
- d) No charitable remainder annuity trust will be issued which violates the probability test applicable to annuity trusts.
- e) For lifetime annuity trusts, no beneficiary should be under the age of 50.
- f) The maximum number of beneficiaries should be two.
- g) No property will be accepted as trust corpus that will violate any sections of the tax code pertaining to charitable remainder annuity trusts.
- h) Property which is not a listed security or a security traded over the counter shall not be accepted in a charitable remainder annuity trust which does not have an income flow sufficient to meet the payout factor of the trust, or have sufficient liquidity with which to make up any deficit in income.

7. Charitable Lead Trust:

DESCRIPTION: A transfer of cash or property to a trust paying income to the University for a period of years. At the end of the trust period, the property reverts to the donor (reversionary) or to non-charitable beneficiaries (non-reversionary).

The University's policy regarding trusteeship of charitable lead trusts will be as follows:

- a) The University will seek a corporate trustee to serve as trustee OR the University may choose to engage an outside entity as custodian and administrator of the trust.
- b) Charitable lead trusts will have a minimum of \$50,000.
- c) No property will be accepted in a trust which violates any section of the tax code pertaining to charitable lead trusts.
- d) Property which is not a listed security or a security traded over the counter shall not be accepted in a charitable lead trust that does not have an income flow sufficient to meet the payment of the trust, or have sufficient liquidity with which to make up any deficit in

income. Any exceptions to this should be authorized by the Gift Acceptance Committee.