

Planned Gifts: Gift Acceptance and Crediting Guidelines

Planned giving is an integral component in the comprehensive development program conducted by W&L. It offers alumni and friends opportunities to pursue philanthropic goals involving the University through a variety of alternatives. This program includes outright and deferred gift arrangements designed to meet the charitable and financial objectives of W&L's constituents and the institution's current and long-term needs.

Washington and Lee University currently contracts with BNY Mellon to handle income retained gifts, gift annuities, trusts, and its pooled income fund. BNY Mellon mails the income checks and also prepares and mails the yearly tax information and valuations to the donors, with copies to W&L's Business Office and Office of Gift Planning.

Charitable Gift Annuities

W&L's current threshold contribution to create a gift annuity at W&L, current or deferred, is \$10,000 but may increase at any time. The following rules also apply to charitable gift annuities:

- The number of income beneficiaries shall be limited to two.
- The grantor will be provided with a copy of the gift annuity agreement, a disclosure statement, and a summary of benefits statement showing the charitable deduction and other pertinent information.
- The annuity rates will be based on tables prepared for W&L using American Council on Gift Annuities rates.
- Gift annuities will be recorded at face and remainder values.
- The grantor may direct the remainder interest to a specific purpose or use as reviewed and accepted by the University according to its guidelines. If this use is for a naming and/or endowment purpose, the gift must meet University guidelines as established by the Board of Trustees.

Charitable Remainder Annuity Trusts and Unitrusts (W&L as Trustee)

W&L's threshold contribution for charitable remainder annuity trusts (CRATs) and charitable remainder unitrusts (CRUTs) is currently \$100,000 but may increase at any time. Additional contributions to unitrusts must be of reasonable value. The following rules also apply to CRATs and CRUTs:

- The number of income beneficiaries will be limited to two, unless the Vice President for Finance grants a waiver.
- The maximum payout rate for each trust shall be determined in consultation with the grantor, his/her agent and the Vice President for Finance.
- The trust may be set up for a term of years (not to exceed 20 years) or the life/lives of the beneficiary(ies).
- Trusts funded with unmarketable securities or real estate must be approved by the Vice President for Finance and will normally be set up as net income or flip trusts. All gifts of real estate must undergo a Phase I Environmental Review with a satisfactory result before being accepted by the University.

- The grantor will be provided with an original of the trust agreement, a disclosure statement, and a summary of benefits statement.
- These trusts will be recorded at face and remainder values.
- A proposed gift of real estate must currently result in a \$100,000 gift to fund a charitable remainder unitrust. If the real estate is given to fund a CRUT for which W&L serves as trustee, the University must be at least a fifty percent (50%) remainder beneficiary.

Additional Guidelines for Trusts and Unitrusts Held by an Organization Other than W&L

- W&L will record these commitments as revocable trusts upon being provided with suitable documentation unless the grantor indicates that any interest coming to W&L is irrevocable.
- These trusts will be recorded at face value, but this value will be reported separately from irrevocable capital and endowment gifts.

Charitable Lead Annuity Trusts and Unitrusts

W&L's current minimum threshold contribution to a charitable lead annuity trust (CLAT) or a charitable lead unitrust (CLUT) is \$1,000,000, but may increase at any time. The following rules also apply to CLATs and CLUTs:

- The maximum number of years shall be 20.
- The grantor will be provided with an original of the trust agreement and a summary of benefits statement.
- The grantor may designate the use of the distributions from the trust and received by the University as reviewed and accepted by the University according to its guidelines.
- These trusts will be recorded at face and residual values.

W&L serves as trustee for some unitrusts, but is not the only option as trustee for a unitrust. The donor may wish to explore establishing a CRUT with a bank or financial services firm as trustee, or an arrangement in which the donor serves as trustee with a bank or financial services firm's providing custodial, administrative, and investment-management services.

Pooled Income Fund

W&L's current threshold pooled income fund (PIF) contribution is \$5,000 with subsequent gifts being of reasonable value. The threshold may change at any time. The following rules also apply to PIF contributions:

- The number of income beneficiaries shall be limited to two.
- Donors will be provided with a copy of the PIF arrangement agreement and a summary of benefits statement. These gifts will be recorded at face and remainder values.

Life Insurance

All proposed life insurance gifts must be approved by the Vice President for Finance. The donor is to be informed that the policy may be immediately surrendered for cash value.

Gifts of life insurance will be accepted in varying forms. The preferred form is paid-up, whole life insurance where the University is designated as owner and beneficiary.

Insurance gifts where the University is the beneficiary and not the owner will be recorded as revocable. For insurance policies where the University is owner and beneficiary, and premium payments are required to keep the policy in force, the Office of Gift Planning will work with the Business Office and the donor to process and make these payments. The donor must contact the insurance company to transfer ownership of the policy to W&L. The University reserves the right to surrender insurance policies for their surrender value at any time, in the University's sole discretion.

Bequests

Bequests vary in respect to the time and form in which they eventually take effect. All bequests are subject to acceptance by the University. Distributions may be in the form of cash, securities, real estate, tangible personal property, or a combination of these forms. Specific bequests may be a fraction of or a specific dollar amount of an estate or may be in the form of a specific asset or assets. Residuary bequests mean that W&L receives the remainder or a portion of the remainder of an estate after specific legacies, taxes, etc. have been taken into account.

The following language is recommended for inclusion in estate planning documents:

I give and devise to The Washington and Lee University, located in Lexington, VA, all (or state a percentage) of the rest, residue, and remainder of my estate, both real and personal, to be used for its general support (or for the support of a specific fund or program).

Testamentary trusts may be established with the University through a will provided the trust provisions are consistent with good practice and are approved by the Vice President for Finance.

Each of the above bequest forms will be recorded a revocable gift. Such gifts may be reported under the auspices of 50th class reunion gift projects at face value. The counting of bequests in campaigns is determined by counting policies specified at the beginning of a campaign. Guidelines should be consistent with CASE guidelines as interpreted by W&L.

The donor is asked to complete a statement of intent form in order to allow the University to recognize the intention by membership in the Doremus Society and to ensure the intended purpose of the bequest can be fulfilled. If W&L receives a copy of the will or section of the will, that should be given to the Business Office for its files.

Retained Life Estate

Property contributed must be the donor's primary residence, a vacation home, or a farm including a residence, if qualification for exemption from federal transfer taxes is desired. The W&L Gift Acceptance Committee must approve the gift following the same process for gifts of real estate as outlined in the Guidelines. Donor must agree to continue to pay or otherwise make provision for the payment, during the terms of the gift, all costs and liabilities of owning and maintaining the property, including property taxes, insurance, assessments, repairs, and maintenance.