

Planned Gifts

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I. Purpose

To establish responsibilities, policies, and procedures for the solicitation, negotiation, documentation, administration, and closure of all planned gifts made to benefit the University, including but not limited to, bequests, beneficiary designations, charitable life insurance, life income gifts, retained life estate plans, and donor-advised funds.

II. Definitions

- *Bequests*: Gifts of cash, securities, real estate, or personal property made to the University as part of a donor's will or revocable living trust.
- *Life Income Gifts*: A charitable arrangement that provides income to a donor and/or other individuals of the donor's choosing for a specified period of time, usually life. At the end of the gift's term, the residual balance is received by the University. The following types of income gifts are available at the University:
 - *Charitable Gift Annuities*: The donor transfers cash and/or securities to the University, and in exchange, the University agrees to pay the donor, or the donor's designee(s), a fixed dollar amount for a specified period of time, generally until the death of the last surviving annuitant.
 - *Charitable Remainder Trusts (CRT)*: A trust funded by cash, securities, real estate, and other property, including investments yielding tax-free income, but not tangible personal property. Donors and/or their designated income beneficiaries will receive a specified percentage of the full market value of the trust's assets, as determined annually (i.e., a Charitable Remainder Unitrust or CRUT), or a fixed dollar amount, which must be paid annually in full and does not vary in amount even though income to the trust may fluctuate (i.e., a Charitable Remainder Annuity Trust or CRAT).
- Additional definitions can be found in [BPM E-22-1 Soliciting, Receiving, Recording and Acknowledging Gifts](#).

III. Responsibilities

- A. The Vice President for Philanthropy and Alumni Engagement (UKPAE) is responsible for the management, planning, stewardship, and coordination of all University philanthropy efforts and for fundraising services to the University.
- B. UKPAE – Gift & Estate Planning
 1. Lead the University's planned giving program, including the discovery, cultivation, solicitation and stewardship of donors, as well as planned giving related marketing and communications.
 2. Provide expertise to donors and/or their representatives in the areas of complex asset gifts such as closely held business interests, life income gifts, gift annuities, charitable trusts, gifts of real estate, retirement plan beneficiary designations, qualified charitable distributions, private foundations, donor advised funds, life insurance gifts, and wills and bequest intentions to the University.
 3. Work closely with colleges and units through the discovery, cultivation, solicitation and stewardship processes and procedures.
 4. Coordinate and report to the University's General Counsel regarding the University's planned giving program, specifically, regarding the legal review, negotiation, and distribution processes for estate and trust administration.

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- C. Accounting and Financial Reporting Services (AFRS)
 - 1. Administer the charitable trusts and gift annuities.
 - 2. Provide financial reporting in accordance with University policies, GASB, GAAP, and federal and state regulations.
- D. Unit benefitting from the gift
 - 1. Contact UKPAE Gift and Estate Planning and Gift Receiving when a planned gift is received.
 - 2. Deposit planned gifts of cash in the appropriate cost object.
- E. Real Estate Services
 - 1. If necessary, perform any required assessments and surveys for gifts of real property.

IV. Policy

- A. The University and its representatives do not and shall not provide legal, tax, or financial advice to donors and shall clearly advise donors to obtain and rely upon advice from third party professionals regarding the suitability and possible implications of a proposed planned gift instrument. Contact UKPAE Gift and Estate Planning with any questions at philanthropylegal@uky.edu.
- B. For general gift receiving information, see [BPM E-22-1](#).
- C. The University assesses a one-time fee on non-endowed gifts, which includes planned gifts, to support its advancement initiatives and those of the college(s) or program(s) to which the contribution is directed. Planned gifts on record with the University prior to January 1, 2019, are exempt from the advancement fee.
- D. The minimum level for endowment funds and categories of endowment funds are established by [Administrative Regulation 8:4](#).
 - 1. When a planned gift is received, the endowment is established utilizing the endowment threshold in effect at the time the planned gift agreement was executed.
 - 2. Estate gifts received without prior notification or a planned gift agreement are reviewed by UKPAE – Gift and Estate Planning with the Vice President for UKPAE to determine whether the gift conforms with AR 8:4 at the time of receipt and whether the University is agreeable to receive and administer the gift.
- E. An endowment planned gift made by a donor must be accompanied by a signed endowment agreement. Endowment agreements must follow the requirements outlined in [BPM E-22-1](#).
- F. Planned gifts for deposit to the University must be made in accordance with [BPM E-2-1 Treasury Operations Manual](#).
- G. The University may serve as trustee for charitable trust arrangements, subject to the following:
 - 1. The University shall comply with all state and federal laws and regulations concerning trusts and trustees.
 - 2. The University shall not serve as trustee for any trust in which the University is less than a fifty percent (50%) irrevocable beneficiary, unless approved by the Vice President for Philanthropy and Alumni Engagement.
 - 3. The University shall not serve as investment manager for any assets held in trust unless it also serves as trustee for those assets.

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- H. Deferred gifts cannot be utilized for current capital projects or to replace an existing cash pledge.
- I. If there are any questions or for assistance with unique situations, contact UKPAE Gift and Estate Planning at philanthropylegal@uky.edu.

V. Procedures

- A. Due to the complex nature of estate and trust administration, all documentation, correspondence, and other materials received for estate and trust gifts should be forwarded to UKPAE Gift and Estate Planning for legal review to ensure the University can accept and administer the gift in accordance with the legally binding terms of the donor's governing instrument, University policies, and all applicable laws.
- B. UKPAE Gift and Estate Planning will coordinate with UKPAE Gift Receiving, AFRS, and the unit philanthropy representative and business officer, as applicable, to facilitate the distribution and closure of estate and trust gifts to the University.
- C. Receipt of Planned Gifts
 - 1. Cash Gifts
 - a. Contact UKPAE Gift and Estate Planning to determine the proper handling and distribution of an estate gift.
 - b. See [BPM E-22-1](#) for gift receiving and depositing details.
 - 2. Non-cash Gifts
 - a. Real Estate Gifts
 - 1) Due Diligence. Prior to acceptance of real property, an environmental assessment, title search and boundary survey shall be performed by Real Estate Services or a third-party consultant. Gift instruments between the University and a donor should include a clause stipulating the acceptance of real property subject to the above assessments and surveys.
 - 2) For gifts of real property except for Charitable Trusts or Gift Annuities:
 - a) UKPAE Gift and Estate Planning will promptly notify AFRS of the gift of real property and will coordinate the transfer of the legal title and the documentation of a qualified appraisal.
 - b) AFRS will credit the receiving gift account and record a real estate investment for the fair market value of the gift as soon as legal title to the gift property has been transferred and an appraised value has been established. Eventual liquidation of the property will provide the funds for the gift's purpose.
 - c) Any difference between the amount realized upon liquidation and the appraised value of the property on the date of receipt will result in an adjustment to the receiving gift cost object account.
 - d) All costs incurred by the University prior to taking title to the property will be reimbursed to the University from the sales proceeds of the property, reducing the ultimate credit to the receiving gift cost object. These "pre-title" costs include appraisals, title searches, environmental testing, surveys, etc.
 - 3) For gifts of real property donated to fund Charitable Trusts or Gift Annuities:
 - a) Prior to liquidation of real property donated to fund a charitable

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trust or gift annuity, quarterly trust or annuity payments to the donor may be made based on the annuity payout rate applied to the fair market value of the property on the date of receipt.

- b) In order for trust or annuity payments to be made prior to sale of the property, a transfer of funds equal to the fair market value of the property must be made from the University's general funds to the trust or annuity fund by establishing a due to/due from. These funds will be transferred to the University's external trust and gift annuity manager for investment. Upon sale of the property and receipt of the proceeds, the general funds will be reimbursed by reversing the due to/due from.
- b. Life Insurance - Contact UKPAE Gift and Estate Planning.
- c. Other Non-cash Gifts and Securities - See [BPM E-22-1](#).