

Gift Acceptance Policy

Purpose:

The purpose of the Gift Acceptance Policy is to give guidance and counsel to those individuals within the University community concerned with soliciting gifts. All gifts are to be accepted or rejected in accordance with the policies set forth herein. The guidelines presented in this document have been established to ensure that:

Informed and consistent decisions are made on the acceptance of gifts.

Appropriate administrative, legal and accounting practices and procedures are followed.

All donors are treated equitably and without discrimination as outlined in the [University Non-Discrimination Policy](#).

The public image of the organization is maintained or strengthened as a result of its gift acceptance policies and practices.

Any exceptions that might be considered would be consistent with the University's mission and policies and be reviewed and approved by the Gift Acceptance Committee (GAC).

Definitions related to this policy:

Gift means a donation of money, assets, skills or time that supports the mission of the University. A gift may or may not be tax-deductible as determined by IRS rules and regulations. A gift is freely given without expectation of a substantial material benefit in return.

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I. Introduction

A. Guiding Principles

Willamette University (“the University”) encourages gifts in support of its mission as a private liberal arts university.

The University is committed to serving and protecting the best interests of the donor, as well as the University and its mission in the gift solicitation, planning and acceptance process.

The University shall conduct gift acceptance practices in ways that are consistent with its status as a non-profit entity as defined by the Internal Revenue Code and related US Treasury regulations.

The University shall conduct gift acceptance practices in ways that are consistent with the ethical standards of the profession, including the Council for the Advancement and Support of Education's “Ethical Guidelines,” “Donor Bill of Rights,” and the “Model Standards of Practice for the Charitable Gift Planner.

The Advancement department is responsible for soliciting and stewarding donors to the University. University employees may not solicit or accept gifts on behalf of the University except in partnership with Advancement prior to solicitation or acceptance of gifts.

The University reserves the right to refuse certain gifts, including those from which the University will realize little or no financial gain, those made for purposes that are inconsistent with the University’s educational mission, or those with restrictions that violate the University’s ethical standards or require discrimination. Gifts that would be too costly or time-consuming to administer may not be accepted at the discretion of the Gift Acceptance Committee (GAC).

The University retains the right to immediately sell all gifts of stock or property so that it can invest the proceeds in accordance with the University's investment policy.

Unrestricted gifts are encouraged because of the flexibility they provide in meeting the most pressing needs of the University.

The University shall receipt and acknowledge all gifts and donations in an appropriate manner.

Donors are encouraged to consult with their own personal advisors (accountants, certified estate or financial planners, attorneys, investment brokers, etc.) prior to making any major gift to the University, particularly a deferred gift.

In accepting a gift, the University also accepts a responsibility to steward that gift. This includes administering the gift properly, providing the donor with appropriate financial information about the gift, and, when appropriate, reporting to the donor about the use of the funds.

B. Gift Acceptance Committee

The Gift Acceptance Committee (GAC) shall be co-chaired by the Chief Finance Officer and the Chief Advancement Officer and includes:

- The role responsible for major and principal gifts
- The role responsible for advancement services and operations
- The role responsible for gift planning and estate gifts

As appropriate, the GAC will include individuals in discussions, such as:

- The fundraiser assigned to the donor in question
- The University General Counsel
- The University Controller
- University Marketing and Communications
- The Board of Trustees Advancement Committee Chair, or his/her designee
- The role responsible for donor relations and stewardship

The GAC shall exercise oversight and responsibilities specified here. When gifts are not clearly allowed under the current policy, and therefore require review by the GAC, the GAC will review the information that has been presented by staff and will make recommendations regarding the acceptance of the gift. The GAC will endeavor to respond promptly in such cases so that gifts can be completed in a timely manner or refused in an appropriate manner.

C. Policy Amendment and Review

This policy shall be reviewed by the GAC consistent with current University policy approval guidance or at least every two years and whenever it becomes inconsistent with Treasury regulations or other applicable state or federal laws. To amend this policy, a written amendment shall be prepared by the GAC and submitted to the University Policy and Compliance Committee for review and approval and then forwarded to the President for approval. The Policy should also be reviewed and endorsed by the Advancement Committee of the Board every five years.

II. Professional Advisors

No Willamette employee or agent of Willamette may serve as a financial advisor or legal counsel to donors or prospective donors on matters related to contributions to Willamette.

A. Donor's Use of Professional Advisors

The University encourages each donor to consult independent tax and/or legal counsel prior to making a contribution to the University. It is the donor's responsibility to directly employ and compensate independent legal and tax counsel in these transactions.

B. Willamette's Use of Professional Advisors

The University retains the right to engage its own legal counsel, appraisers, or financial advisors in any gift acceptance decision.

III. Gift Acceptance Guidelines

A. Asset Acceptance vs. Designation Acceptance

This Policy addresses the acceptance of assets and giving vehicles for gifts and pledges to Willamette University. Implicit in the acceptance of an asset or vehicle is an agreement between the University and the donor that the University will expend or invest the gift in accordance with the donor's designation(s), if any. No asset can be accepted for a gift or pledge when the donor's preferred designation is not approved by the University.

When a donor's designation preference is not a previously identified and approved University priority, the designation shall be reviewed by the role responsible for major and principal gifts, in consultation with affected University staff, who will review the designation and the proposed gift or pledge and make a recommendation to the GAC for approval or refusal of the gift or pledge.

1. Accepting Gifts without Designation

Generally, all gifts that are received without designation are considered gifts to the Willamette Annual Fund.

At the request of the donor and the approval of the University, assets can be accepted without designation but held for future designation for no more than one year with a preference for a designation decision to be made before the fiscal year end of the year given, if possible. In these cases, the gifts are placed in a holding fund until a designation is determined. With very few

exceptions, the University will place the gifts in the unrestricted fund after the one-year holding fund period has ended.

Gifts with the only restriction being the designation of a department or program but which do not meet the threshold value of \$5,000 (and thus qualifying for creation of a restricted fund) will be directed to the unit's current use general gift fund. These gifts will be considered current use gifts and will fall under the policy "Use of Institutional Funds." Department heads and budget officers will determine how to spend these gifts as they are considered budget relieving and must be spent first.

2. Designation Restrictions for Illiquid Assets

An asset other than cash or marketable securities is considered illiquid. When illiquid assets are given to the University, the designation selected by the donor will not receive funds until the asset is liquidated.

When donors make illiquid gifts to start new programs or initiatives, the new program or initiative may not be implemented until the asset is liquidated. In these cases, donors can choose to make operating fund gifts to initiate programs until the gifted asset has been liquidated.

There are rare exceptions to this that occur when the University decides to retain an illiquid asset.

B. Acceptance of Gifts with Conditions

Unless a specific exception is granted by the GAC, the University will not accept any gift with conditions including, but not limited to, the conditions below:

1. Gifts that commit the University to initiate a new program where the gift is potentially revocable in any way and/or requires investment from the University beyond the proceeds of the gift;
2. Gifts that require the University and its administration to employ a specified person now or at a future date; or
3. Gifts that require payments of tuition or fees for a family member or designee of the donor.

C. Fees and Appraisals

1. Fees

Finder's Fees or Commissions

No finder's fee or commission of any type will be paid by the University to any party in connection with the completion of a gift to the University without the prior written approval of the University.

Professional Fees

Fees associated with any conditions of gift acceptance are the responsibility of the donor.

With the exception of electronic transfer fees (such as credit card fees or wire transfer fees), fees associated with the transfer of assets to Willamette are the responsibility of the donor.

Once an asset is transferred to University ownership, however, the University has the sole responsibility to determine the timing and method of sale of non-cash gifts (such as stocks, bonds, collections, etc.). As a result, fees associated with the sale of non-cash gifts are the responsibility of the University.

2. Appraisals

Donors are required by law to secure and pay for their own appraisals to substantiate charitable deduction claims. The University may also secure and pay for appraisals for its own purposes.

IV. Gift Acceptance Details

A. Outright Gifts

1. Cash and Cash Equivalents

Policy

Cash, checks, wire transfer, payroll deduction and credit card gifts may be accepted regardless of the amount. The value of any cash, check gift, or credit card is its face value.

Guidelines

The date an outright gift is received and booked by Advancement Strategy & Operations shall be the gift date of record if hand delivered or mailed. The United States Postal Service “postmark date” can be used as an alternate record date. Generally, the postmark date is used at the end of the calendar year to clearly establish the correct year the gift was received for tax deduction purposes. The date a gift is received on site, in the lockbox, or in a University account shall be used for the end of the fiscal year. In no instance will a gift date of record be earlier than the date actually received or the postmark date. In the case of material received via FedEx or other priority service, according to IRS guidelines, the gift date is the date the package has been received by the University.

The University will accept gifts charged to certain credit cards as determined by the merchant agreement in place at the time. Credit card charges will be processed in a timely fashion, and gift dates will be determined by the date of authorization as provided by the issuing financial institution. It is important to note that the IRS stipulates the donor should use the date the transaction is processed by the merchant card holder.

2. Foreign Currency

Gifts denominated in foreign currencies acceptable to the University are permitted. The cost of conversion cannot exceed the value of the gift.

Guidelines

Gifts of foreign currency will be valued in US dollar equivalents based on the published exchange rate at the date of the gift receipt. Designations will be credited with the net proceeds from the exchange.

3. Securities

As a general policy, the University will immediately sell all contributed securities. Security gifts to the University that are made through brokerages other than our primary brokerage will be evaluated on a case-by-case basis.

Publicly Traded Securities

Gifts of publicly traded securities such as stocks and bonds for which prices are listed on the record of public exchanges are permitted.

The acceptance of illiquid securities must be approved by the GAC.

The University will sell securities as soon as possible after the securities have been transferred to the University. The value of a gift of securities is the mean (average) of the high and low of the stock(s) or bond(s) on the day the transfer to the University is complete and the sale is completed.

Donors should notify the University about the securities being gifted, the number of shares, the intended gift date and the designation of the gift.

Mutual Fund Shares

Gifts of publicly traded mutual fund shares are permitted. The fair market value of mutual fund shares contributed is either the net asset value or the average between the high/low value, whichever is listed.

Closely Held and Restricted Securities

Closely held and restricted securities may be accepted only after review and approval by the GAC.

Unattributed Gifts of Securities

If securities shares appear in Willamette's accounts without attribution, every reasonable effort to trace the transfer to a donor will be made. In the rare cases when a stock gifts donor cannot be identified within ten working days of the end of the applicable fiscal year, the gift will be recorded as anonymous and undesignated.

Establishment of Gift Date and Value

It shall be the responsibility of the donor and the donor's advisors to establish the effective date of any gift and the value of the assets on that date. The University will assist the donor by providing an estimated amount of the charitable deduction for a new planned gift, or an addition to an existing gift, based on the University's best understanding of the facts. However, the donor should confirm this amount with his or her own advisors.

In the case of a gift annuity, a gift to a pooled income fund, or a bargain sale involving property other than cash or publicly-traded and liquid securities, the University has a direct interest in the valuation used and may decide to independently verify the appraisal obtained by the donor.

4. Real Estate

Policy

For the purposes of this Policy, real estate includes improved and unimproved land and anything permanently affixed to the land regardless of type, location(s) or restricted use of the funds to be

derived there from. This includes residences, condominiums, apartment buildings, rental properties, commercial properties, and farms.

The University may accept outright gifts of real estate, both improved and unimproved, valued at \$100,000 or more. Exceptions to the minimum may be made on a case by case basis.

All real estate gift proposals require approval by the GAC. The Director of Gift Planning will, in conjunction with the university office responsible for real estate, present preliminary real estate gift information to the Committee. The Committee shall either decline the gift or provide preliminary approval to continue to investigate the feasibility of the gift through additional required due diligence as outlined in the real estate checklist.

The Chief Finance Officer of the University will notify the Board of Trustees Finance & Infrastructure Committee Chair of any plans the University has to accept gifts of real property with the intent to sell when those gifts have a value of \$250,000 or greater.

Guidelines

Willamette University will accept only real estate which (a) can be used by the University in furtherance of its charitable purpose or (b) can be sold within a reasonable period of time.

Generally, the University will attempt to sell any property received as a gift at a reasonable price, as reflected by the current market, as soon as possible.

An evaluation of the return expected from a gift of real estate will include but not be limited to factors such as income potential, development characteristics, type of property interest, holding costs, management requirements, holding period and location, restrictions of sale, existing easements or sale proceeds.

Prior to consideration of acceptance, donors interested in making outright gifts of real estate will be asked to provide the University with the following information for the property in question:

- Map showing the location of property
- Legal description of property
- Proof of ownership (deed)
- Survey of Subject property
- List of improvements
- Copies of current leases, if any
- List of encumbrances, including deed restrictions or covenants, liens and any current expenses
- Copy of current year's tax bill
- Proof of payment of taxes and association fees, if any

- Copy of title policy or a recent title commitment, including copies of all documents shown as exceptions to title on the report
- Recent appraisal or other acceptable valuations, which will be attached to the Donor's IRS Form 8283
- A written statement from the donor identifying any known waste disposal sites or spills of hazardous waste material on the property or a statement to the contrary
- Written statement from the donor outlining purpose of gift and any gift restrictions
- Environmental Impact Study – Level 1 Environmental Impact Study and Audit and, if necessary, a Level 2 Study and Audit
- Lead disclosure
- Property condition disclosure

In addition:

- All gifts of real estate must be evaluated and inspected by an authorized representative of Willamette and will be subject to approval by the GAC prior to acceptance. The University retains the right to refuse a gift during negotiations without incurring cost or liability.
- The University will only accept a full interest in a property unless otherwise approved.
- Gifts of real estate presented to the GAC must meet all city, county, state and federal environmental statutes regarding hazardous or toxic waste conditions. In addition, all gifts of real estate must be free of city, county, state or federal restrictions covering threatened or endangered species or other limiting regulations regarding future land use.
- A donor must pay for any initial appraisal made on the property and the appraisal must be a Qualified Appraisal.
- The University may also conduct its own appraisal of properties under consideration.
- It is the responsibility of the donor to pay all costs incurred in the transfer of the property including the cost of compliance with any of the University's requirements.
- The donor will be asked to support maintenance/repairs to a minimum standard to sustain the net market value of the gift and all other costs associated with the property including annual assessments and inspections of the property.
- Special attention shall be given to a proposed gift of real estate encumbered by any obligations. The property may be subject to liens and require interaction with financial institutions. Willamette will obtain the title features for review so as to limit any possible future liability. In addition, there may be pre-conditions that

exist on a particular real estate title and all potential liens must be identified to be assured that the organization has proof of a clean transfer of title.

- Any sale occurring within three years of the gift date will be reported to the IRS, as required by law.

The University may require additional information to consider acceptance of a gift of real estate.

Real Estate Bargain Sales

A "bargain sale" is a sale of property to the University for an amount less than the property's current fair market value. The excess of the value over the sales price generally represents a contribution to the University. The University will accept bargain sales only after review and approval by the GAC. Bargain sales involving a gift interest of less than 50% of the property's fair market value or an estimated net gift value of less than \$250,000 will typically not be considered.

5. Tangible Personal Property

Tangible personal property includes, but is not limited to, books, technical equipment, jewelry, collections, animals, automobiles, furniture, art, manuscripts, firearms, and archival materials.

Tangible personal property typically falls into two categories: related use gifts and non-related use gifts. The evaluation of assets to determine related use is facilitated by the appropriate gift officer, but conducted by the GAC and other appropriate University officials. For example:

- Archival materials are evaluated by the University Archivist and any appropriate faculty members.
- Works of art are evaluated by the Director of the Hallie Ford Museum of Art.

Related Use Gifts

When the University is interested in retaining a gifted asset for educational or mission-related purposes, this gift is called a "related use gift." There are no minimum gift values for related use gifts.

Non-Related Use Gifts

When the asset does not support the University's educational mission, the University will not retain the gifted asset.

- The minimum value of a non-related use gift is \$10,000.
- When the estimated value of any proposed gift is less than \$10,000, donors are encouraged to sell the item(s) themselves and donate the proceeds.

- The University will attempt to sell non-related use gifts at a reasonable current market price as soon as possible after the property is donated.
- All costs associated with the donation of the item(s) are the responsibility of the donor. This includes, but is not limited to, costs of delivery, insurance, assessments, and appraisals.

Guidelines

Gifts of tangible personal property cannot be accepted if made on the condition that the item(s) will be permanently exhibited or in use. Requirements for the review of tangible personal property may include:

- A detailed written and photographic description of the property, including physical dimensions and condition.
- An estimate of any expenses related to the acceptance, retention, and/or sale of the gift, including an estimate of storage and/or transportation costs.
- An assessment of the possibility of any adverse publicity for the University if the gift is accepted.
- Details of any special arrangements or stipulations requested by the donor as conditions of the gift.
- A qualified appraisal supplied by the donor which will be used in the GAC decision and also in valuing the gift for recognition.
- For a related use gift, a written statement of the item's scholarly or artistic value which includes an endorsement by the head of the University organization that wishes to retain the gift.
- For a non-related use gift, an assessment of the marketability of the proposed gift and how the gift should be sold to realize its full value.

6. Interests in Natural Resources

The University may accept gifts of interest in natural resources (such as timber, oil, gas, or mineral interests). All such gifts require approval of the GAC. Criteria for acceptance of timber, oil, gas and mineral interest shall include consideration of the provisions of the University's Endowment Policy at that time. The strong preference would be to receive assets that can be sold.

7. Gifts of Other Business Assets

As a general rule, the University can accept gifts of other business assets, such as closely-held stock, partnership and LLC interests, and other intangible interests, such as patents, trademarks, and copyrights. These gifts must all be reviewed carefully by the GAC for acceptance. In most

cases, the value of business assets is difficult to determine.

Criteria for acceptance of business assets shall include consideration of the provisions of the University's Endowment Policy at that time. The strong preference would be to receive assets that can be sold.

The evaluation of gifts of business assets is facilitated by the appropriate gift officer but conducted by the GAC, the University Counsel, and other appropriate University officials.

All costs associated with the donation of the assets are the responsibility of the donor. This includes, but is not limited to, costs of assessments, appraisals, insurance, documentation, IRS filing, and legal documentation.

Gifts of business assets are typically complicated and require significant review by the University before they can be accepted. Donors of business assets should expect a lengthy review process.

B. Gifts in Kind

1. *Gifts in Kind - Goods*

Gifts in Kind include, but are not limited to, non-cash donations of materials or long-lived assets other than real personal property. Examples include donated food or beverages for a mission-related event, donated printed materials including tee-shirts and hats, software or equipment.

Occasionally, a Gift in Kind will be a related use gift. The evaluation of assets to determine related use is facilitated by the appropriate gift officer, but conducted by the GAC and other appropriate University officials. For example:

- Equipment donations are evaluated by appropriate faculty members.
- Software donations are evaluated by the Vice President & Chief Information Officer and any appropriate faculty or staff members.

Related Use Gifts in Kind

When the University is interested in retaining a Gift in Kind for educational or mission-related purposes, this gift is called a "related use gift". There are no minimum gift values for related use gifts. For Gifts in Kind valued at \$5,000 or more, the donor will be responsible for the cost of an appraisal.

Non-Related Use Gifts in Kind

Most non-related use Gifts in Kind will be donated goods used or consumed in relation to University events.

- There are no minimums for donated goods that are consumed or distributed in relation to the University's mission (food, beverages, tee-shirts, commemorative items, etc.).
- The minimum value of a non-related use Gift in Kind that would be disposed of by the University is \$50,000.
- When the estimated value of any proposed Gift in Kind is less than \$50,000, donors are encouraged to sell the item(s) themselves and donate the proceeds.
- The University will attempt to sell non-related use Gifts in Kind at a reasonable current market price as soon as possible after the item is donated.
- All costs associated with the donation of the item(s) are the responsibility of the donor. This includes, but is not limited to, costs of delivery, insurance, assessments, and appraisals.

Guidelines

Gifts in Kind cannot be accepted if made on the condition that the item(s) will be permanently exhibited or in use. Requirements for the review of Gifts in Kind may include:

- An estimate of any expenses related to the acceptance, retention, and/or sale of the gift, including an estimate of storage and/or transportation costs.
- An assessment of the possibility of any adverse publicity for the University if the gift is accepted.
- Details of any special arrangements or stipulations requested by the donor as conditions of the gift.
- A qualified appraisal supplied by the donor which will be used in the GAC decision and also in valuing the gift for recognition.
- For a related use gift, a written statement of the item's scholarly or artistic value which includes an endorsement by the head of the University organization which wishes to retain the gift.
- For a non-related use gift that is a substantial material asset, an assessment of the marketability of the proposed gift and how the gift should be sold to realize its full value.

2. Gifts in Kind - Services

Gifts in Kind of service include, but are not limited to, non-cash donations of time and expertise in support of the mission of Willamette University. These gifts range from volunteering for

support activities (stuffing envelopes, staffing information tables) to providing specialized professional services (pro bono legal consulting, accounting, etc). These gifts of time and service are often essential contributions to the mission of Willamette University. They will be included in appropriate recognition but are not considered to be a tax deductible contribution by the United States Internal Revenue Service.

C. Deferred Gifts

1. Bequests

Definition

A bequest to the University is a gift made in a donor's will or revocable trust. Donors can bequeath specific assets, specified cash amounts, or percentages or remainders of their estates to Willamette. Direct, unencumbered bequests shall be accepted by the University if the underlying assets are in conformity with the guidelines for Outright Gifts as stated in this Policy.

All other bequests will be reviewed and approved by the GAC. The University reserves the right to reject gifts from estates or trusts of deceased donors that are not in conformity with the terms of this Policy or other University Policies or are unduly burdensome and/or costly to the University to sell or maintain.

2. Qualified Retirement Plan Beneficiary Designations

Willamette may be named as the death beneficiary of qualified retirement plans.

Distributions from qualified retirement plans will be accepted if the asset in question is in conformity with the terms of this Policy or other University Policies.

3. Life Insurance Policies

Willamette may be named as the death beneficiary of life insurance policies. When the death benefit is paid from a policy in which Willamette University is named a beneficiary only (i.e. Willamette University was not previously the policy owner), the full amount received will be recorded as an outright bequest.

The University may accept transfers of ownership of existing life insurance policies pending approval of the gift acceptance committee. If premiums remain to be paid, the donor must agree in writing to gift sufficient funds annually on a timely basis to the University in order for it to

pay the premiums, or the donor must agree to pay the premiums directly. The University reserves the right to cash in a policy or take other actions available to the owner of a policy at any time. The University will not undertake to secure insurance on the life of a donor or otherwise at the request of a donor, nor will it accept ownership of policies subject to a loan or in connection with a “split dollar” or similar arrangement where the proceeds are to be divided between charitable and non-charitable interests.

Guidelines

In cases where insurance policies are accepted as gifts, documentation is important. All gifts of policies to charity must be documented and records retained. IRS Form 8283 should be used and signed by an official authorized to sign the charity's tax return. Failure to include the Form 8283 could result in a disallowance of the charitable deduction.

If the donated policy has a value of \$5,000 or more, it is necessary to obtain a qualified appraisal from someone other than the insurer or the agent who sold the policy.

4. Gifts with Life Income

Charitable Gift Annuities

Charitable Gift Annuities (CGAs) are contractual agreements between Willamette and a donor in which the University guarantees to make fixed payments to one or two individuals in exchange for the donor's gift.

The University will accept CGAs from donors in accordance with applicable state laws. Generally the University issues CGAs in most states including Oregon, Washington, California and Florida, where the University is registered and reports annually. If a donor wishes to establish a CGA in another state where a registration process is required, annuities will not be issued until that process is complete. Some states prohibit Willamette from issuing annuities in some forms, so donors should check with their financial advisors and/or Willamette Gift Planning staff members about which of the annuity forms listed here are available to them.

Annuity rates offered by the University are consistent with the rates offered by the American Council on Gift Annuities (ACGA). When ACGA revises these rates, University rates are revised accordingly. If a lower rate is offered to a donor, the ACGA rate will be disclosed in writing.

Permissible CGA Forms include:

- Immediate Payment Charitable Gift Annuities: payments which begin immediately.

- Deferred Payment Charitable Gift Annuities (DCGAs): payments deferred for at least one year.
- Flexible Deferred Charitable Gift Annuities: deferred annuity in which the annuitants may elect to start receiving payments on any one of a range of dates.
- Commuted Payment Charitable Gift Annuities: annuitants exchange their lifetime of annuity payments for a fixed number of payments of equal value. The payments start at the same time the lifetime payments would start, but last for only a few years allowing each payment to be greater.

With the exception of Commuted and DCGAs, income beneficiaries must be at least age 65 when payments begin.

Almost all liquid or easily liquidated assets can be contributed to fund CGAs. Acceptance of illiquid assets and real estate to fund a CGA requires approval by the GAC. CGAs can be funded with credit card gifts, however, the approved annuity rate will be multiplied by the net value of the gift after fees and expenses are deducted.

Pooled Income Funds (PIFs)

The University has a strong preference against accepting PIFs. Any PIFs must be reviewed and accepted by GAC.

Charitable Remainder Trusts (CRTs)

Definition

CRTs are separate legal entities that pay income to one or more individuals, operate for a term of years or the lifetime of the income beneficiaries, and at the end of the trust term, pay any assets remaining in the trust to charitable beneficiaries.

Types of Charitable Remainder Trusts

There are five types of CRTs that are permissible at Willamette University:

- Charitable Remainder Unitrust (“CRUT”)
- Charitable Remainder Unitrust with Net Income Provision (“CRUTNI”)
- Charitable Remainder Unitrust with Net Income with Make-up Provision (“NIMCRUT”)
- Charitable Remainder Unitrust with Flip Provision (“Flip-CRUT”)
- Charitable Remainder Annuity Trust (“CRAT”)

Guidelines

CRTs may be established by living donors or may be established with testamentary gifts. When the designation for a CRT gift is a new program or initiative, the program or initiative will not be

implemented until the remainder value of the CRT has been received by Willamette. Trusts cannot be established or added to with credit card gifts. CRTs shall have an estimated real remainder benefit to Willamette of at least the lower of either \$1 million or 51% of the gift amount. This calculation will be performed by the Gift Planning Office and provided to the GAC.

The expected horizon of a CRT at the time it is established shall not exceed 35 years. CRTs can be established to operate for the life (or lives) of named beneficiaries or for a fixed term of 20 years or less, subject to Willamette's requirement of a 51% real remainder benefit.

The number of income beneficiaries is unlimited, so long as the present value of the charitable remainder interest meets Willamette's requirement of a 51% real remainder benefit, which is greater than the IRS's remainder benefit requirement of 10%.

All fees, including management, custodial and tax preparation fees, shall be charged to the trust. Costs for subsequent revision of the trust document upon the donor's request for changes shall be paid by the donor or the donor's estate unless the Director of Gift Planning agrees otherwise. Revisions necessary for the trust or gift to meet the University's management policies shall be paid entirely by the University.

The University will agree to serve as trustee (using TIAA Kaspick for trust administration and investment management) so long as it is named an irrevocable beneficiary of at least 50% of the trust's remainder. However, if Willamette is named less than 100% beneficiary of the trust's remainder, the minimum amount required will be greater as outlined in the minimums document in Appendix 3.

Where the University is serving as trustee, the University will generate the trust documents at the University's expense, and encourage the donor to have them reviewed and approved by the donor's counsel at the donor's expense.

IRS regulations require that the payout rate for CRTs must be at least 5%. University policy limits the payout rate to no more than 6% for life term CRTs, although exceptions might be made upon recommendation of the Director of Gift Planning and approval of the GAC. The payout rate may be higher for shorter fixed-term CRTs, at the recommendation of the Director of Gift Planning and approval of the GAC.

Charitable Lead Trusts (CLTs)

CLTs are designed to provide income payments to at least one qualified charitable organization for a period measured by a fixed term of years, the lives of one or more individuals, or a combination of the two; after which, trust assets are paid to either the grantor or to one or more non-charitable beneficiaries named in the trust instrument.

CLTs cannot be used to fund tenured faculty positions.

Charitable Lead Annuity Trusts and Unitrusts

Willamette will serve as trustee of a charitable lead trust only if it secures sufficient assurances, either through an indemnification clause in the trust agreement or through some other written means, that the donor(s) of the lead trust will protect Willamette from potential liability to the non-charitable beneficiaries of the trust (usually the donor's family) except in the case of willful misconduct or gross negligence. Generally, Willamette will not serve as the trustee of a charitable lead trust funded with or invested in assets other than a diversified portfolio of publicly-traded securities. In order for Willamette to serve as trustee of a lead trust:

- The expected net present value of the income interest it will receive shall be equal to at least \$500,000, and
- Willamette must be irrevocably named to receive at least 51% of the income of the trust.

Payments from a lead trust may be issued semi-annually or annually.

Retained Life Estate (RLE)

Definition

A gift of real property with an RLE interest involves the transfer of the title to a personal residence or farm to Willamette whereby the donor or another person retains use of the property for a term of years or the life/lives of the donor and/or another person.

Guidelines

Willamette may accept a gift of real property with an RLE, subject to approval by the GAC. The minimum net market value of Willamette's share of the property must be \$100,000. Once Willamette has title to at least \$100,000 of the total value of the property, smaller additions to the gift may be accepted.

Mortgaged property is eligible for contribution under an RLE arrangement; however, donors are obligated to continue paying the mortgage as a condition of their tenancy.

As with other deferred gifts, new programs will not be initiated until the gift (i.e. the property) is liquidated.

All guidelines for the gifting of real estate apply.

- The agreement creating the life interest must provide that the donor and/or life tenant shall remain responsible for the payment of mortgages, taxes, insurance,

utilities, maintenance/repairs to a minimum standard to sustain the net market value of the gift and all other costs associated including annual assessments and inspections of the property. Donor(s) shall not violate or allow to be violated any environmental laws/ordinances covering this property.

Neither the donor, nor any other person with an interest in the property, shall be able to compel Willamette to make any capital improvement or take any other action regarding the property involving the expenditure of funds or an assumption of a risk. Gifts of interests in real property subject to a retained life estate are subject to the same review process as is set forth below for other gifts of real property.

5. Miscellaneous Issues

Testamentary Funded Gifts

The charitable gift annuity and various charitable trusts described above may be funded during the lifetime or at the passing of the donor. The decision for the University to serve as the trustee of a testamentary funded trust requires approval by the Gift Acceptance Committee both at the time of notification of the intention and again when the trust is funded.

Donors who wish for the University to serve as trustee of a charitable remainder trust that will be funded through their will, living trust, or through a beneficiary designation in a retirement plan or other asset, should be encouraged to create either an “unfunded” trust or a nominally funded revocable pour-over trust during their lifetimes. This will facilitate periodic review and modification of the trust in order to keep its terms current. It may also free the trustee from any testamentary probate court reporting requirements that may exist. Terms and minimum funding requirements for a gift to be funded at the donor’s passing will be governed by the acceptance policies in effect at the time of the donor’s passing.

Trust Types Not Accepted

The University will not serve as trustee of a funded revocable trust or nonqualified trust.

Generation Skipping Transfers

Each trust or other deferred gift shall be reviewed to determine if there is a possibility that a beneficial interest may vest in a person more than one generation removed from the donor. (Examples include a grandchild, grandniece, or a non-related individual who is 37 ½ or more years younger than the donor.) The donor should be advised of the outcome of this review and encouraged to seek expert assistance in the event such a beneficial interest could arise. The University generally will not accept the trusteeship of a trust that could involve generation skipping transfer tax, unless the donor can provide sufficient assurance that any potential tax will

be covered by the donor's one-time exclusion amount or is otherwise adequately provided for. All costs associated with determining any generation-skipping tax or complying with the provisions of the generation-skipping tax rules will be charged to the trust or otherwise to the donor or those holding the skip interest, as appropriate.

Serving as Executor of an Estate

The University, or any staff member of the University, shall not serve as the executor of any donor's estate or as the successor trustee of a living trust without regard to whether the University is benefited.

Drafting and Review of Documents

The University's legal counsel shall review and approve any trust agreements of which the University is a beneficiary before the gift is accepted. The University will not review and comment on wills or living trusts except to ensure that the University is properly named in the instrument and that proposed restrictions are acceptable and enforceable. The University will not draft wills or living trusts for donors.

Community Property and Other Title Issues

Special care should be taken to determine if the gift property is held as community property (or if there is any other party having an interest in or claim to the property). In all cases involving a donor who is married, efforts should be made to determine whether the spouse has consented to any gift arrangement in which the spouse is not also a donor and beneficiary, and to secure consent if deemed advisable by the University's legal counsel.

Private Foundation and Other Tax Rules

If a proposed gift arrangement contains aspects that differ from the simplest form of structure that is generally used, the arrangement should be reviewed by the University's legal counsel to determine if the private foundation rules will potentially apply. In particular, attention should be given to the possibility of self-dealing. The review should also consider whether other tax rules could potentially apply.

Fees and Payment of Expenses

Currently, the University does not assess fees to any current use gifts. Life income fees vary and are assessed to either the gift annuity pool or the specific trust. Those fees are direct expenses paid to outsourced administrators and do not benefit the University directly.

The responsibility for payment of various expenses involved in securing and managing planned gifts is as follows:

- Qualified appraisal to substantiate a deduction (if necessary) is a cost paid by the donor.

- Attorney's fee for document drafting and counseling - if the donor's attorney performs, the donor pays the cost; if the University's legal counsel drafts a document for the donor and the donor's attorney reviews it, the University pays the cost of drafting the document.
- Title search (real property) the University pays the cost.
- Environmental review (real property) the University can pay the cost, but is subject to negotiation.
- Appraisal to update the property value once the trust is funded is charged to the trust.

V. Pledges

A. Pledges to Contribute Easily Liquidated Property

Pledges to contribute cash, cash equivalents, or easily liquidated property (such as publicly-traded stock) will be recorded at face value in the Advancement Database in keeping with the gift processing policies and procedures at the time.

B. Pledges of Illiquid Assets

In order for a pledge to be recorded which is contingent upon the realization of an illiquid asset, the donor must execute an irrevocable pledge agreement which states that the donor will back the pledge with a promise to pay using other assets if necessary.

C. Pledges for Challenge Gifts

In cases where a pledge is used as a challenge to motivate other donors to make pledges, gifts, and/or payments and where the other donors' payments are made contingent on the fulfillment of the pledge underlying the challenge, the challenge gift should be made in advance and placed into a gifts awaiting designation account and then transferred based on the terms of the challenge being met. Any exceptions to this policy should be reviewed by the GAC.

D. Enforceable Pledges

In cases where Willamette and the donor intend for the pledge to be enforceable, a pledge letter indicating that must be prepared. This will provide documentation that all parties are in

agreement that Willamette and even others may rely on that donor's promise and also provide the required documentation for Willamette to account for its receivable. The pledge letter should include the source of the funds which will be utilized to pay the pledge.

E. Statement of Intent

In certain circumstances, it is inadvisable for the donor to create an enforceable pledge. In these instances, it is preferable to have the donor sign a letter of intent for documentation sufficient to record the pledge and recognize the donor. This allows the donor greater flexibility.

VI. Policy History and Effective Date

This policy was drafted and approved by the President's Office in May 2012. Minor revisions for editing and clarity were completed in May 2015. A substantial revision in formatting and policy was completed and approved in 2019. An updated version of the policy was made in 2024.

VII. Appendix 1: CASE Ethics Guidelines and Donor Bill of Rights

A. CASE Statement of Ethics

Institutional advancement professionals, by virtue of their responsibilities within the academic community, represent their colleges, universities, and schools to the larger society. They have, therefore, a special duty to exemplify the best qualities of their institutions and to observe the highest standards of personal and professional conduct. In doing so, they promote the merits of their institutions, and of education generally, without disparaging other colleges, universities and schools.

Their words and actions embody respect for truth, fairness, free inquiry, and the opinions of others.

They respect all individuals without regard to race, color, sex, sexual orientation, marital status, creed, ethnic or national identity, handicap, or age.

They uphold the professional reputation of other advancement officers and give credit for ideas, words, or images originated by others.

They safeguard privacy rights and confidential information.

They do not grant or accept favors for personal gain, nor do they solicit or accept favors for their institutions where a higher public interest would be violated.

They avoid actual or apparent conflicts of interest and, if in doubt, seek guidance from appropriate authorities.

They follow the letter and spirit of laws and regulations affecting institutional advancement.

They observe these standards and others that apply to their professions and actively encourage colleagues to join them in supporting the highest standards of conduct.

The CASE Board of Trustees adopted this Statement of Ethics to guide and reinforce our professional conduct in all areas of institutional advancement. The statement is also intended to stimulate awareness and discussion of ethical issues that may arise in our professional activities. The Board adopted the final text in Toronto on July 11, 1982, after a year of deliberation by national and district leaders and by countless volunteers throughout the membership.

B. Donor Bill of Rights

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

1. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
2. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
3. To have access to the organization's most recent financial statements.
4. To be assured their gifts will be used for the purposes for which they were given.
5. To receive appropriate acknowledgment and recognition.
6. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
7. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

8. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
9. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
10. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

The text of this statement in its entirety was developed by the American Association of Fund-Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and the Association of Fundraising Professionals (AFP), and adopted in November 1993.

VIII. Appendix 2: Bequest Language Interpretation

While University staff attempt to educate donors about language for bequests that will ensure that the donor's intentions will be understood, it is common for the University to receive bequests with vague language about designations. The following is common language found in bequests and explanations of how bequests with this language will be interpreted by the University.

Bequest Language

“... I bequeath \$xxx,xxx (or some percentage of the estate) **to Willamette University.**”

The entire amount of bequests which state that the bequest is "for Willamette University" and contains no additional language will be handled the following way:

- If the amount is \$10,000 or less, it will be deposited into the Willamette Annual Fund.
- If the amount is over \$10,000, it will be placed into a quasi-endowment account.

“... I bequeath \$xxx,xxx (or some percentage of the estate) **to Willamette for scholarships.**”

The entire amount of a bequest which states that the bequest is "to Willamette for scholarships" and contains no additional language that conveys an intent to expend only investment income (i.e., an intent that suggests the funds are to be treated as a donor endowment) will be placed into a quasi-endowment for scholarship.

“... I bequeath \$xxx,xxx (or some percentage of the estate) to Willamette for **department/major** student scholarships.”

The entire amount of a bequest which states that the bequest is "to Willamette for purpose restricted scholarships" and contains no additional language that conveys an intent to expend only investment income (i.e., an intent that suggests the funds are to be treated as a donor endowment) will be treated as purpose restricted funds for scholarships. Such funds will be credited to existing scholarship funds that meet the restriction and may be expended in the same fiscal year if the donor restriction has been met. If no such purpose restriction fund exists, Advancement and the Finance Office will determine if a new fund designation must be created or whether the funds may be credited to general scholarship funds. The University is not bound to make additional or incremental scholarship awards as a result of such bequest.

“... I bequeath \$xxx,xxx (or some percentage of the estate) for scholarship awards **in memory/honor of NAME(S)**,” or to create the “NAME” Scholarship.

To determine donor intent, the University will review available case history (trip notes and/or correspondence). When the case history does not make donor intent clear and does not resolve the issue, AND the bequeathed amount would otherwise be sufficient to meet the endowment minimum, a quasi-endowment fund will be activated.

“... I bequeath \$xxx,xxx (or some percentage of the estate) to the **X department in memory/honor of NAME(S)**,”

If the amount received meets the minimum endowment fund levels, it will be placed into a quasi-endowment fund and will be recorded in memory/honor of NAME(S). If the amount received does not meet the minimum endowment fund levels, it will be deposited in the current use restricted account of the X department and the gift will be recorded in memory/honor of NAME(S).

“... I bequeath \$xxx,xxx (or some percentage of the estate) to Willamette for the **Radcliffe Scholarship...**” where the Radcliffe Scholarship Fund is already endowed at Willamette.

The bequest amount will be added to the Radcliffe Scholarship endowment regardless of the amount.

“... I bequeath \$xxx,xxx (or some percentage of the estate) to Willamette’s **English Department...**”

No assumption about whether the bequest will go toward programmatic expenses, facilities expenses, and/or salary expenses will be made. Decisions about how to utilize the funds will be made in consultation with the Finance Office, university fiscal officer and the appropriate senior staff member (dean, etc.).

“... I bequeath \$xxx,xxx (or some percentage of the estate) (which is below the required minimum to create a named fund) to Willamette for an **English department endowed fund...**” OR

“... I bequeath \$xxx,xxx (or some percentage of the estate) (which is below the required minimum to create an endowed fund) to Willamette, for an English department fund, **the income from which** will support the literature curriculum.”

In the case of scholarship (or other cases where there is already a general endowed fund), the University will deposit the funds in such endowment funds and recognize the donor/family as part of a group of donors.

IX. Appendix 3: Asset Type Gift Minimums and Gift Recognition Chart

The time and effort needed to accept and process gifts ultimately diminishes the financial gain realized from a gift. To ensure that every gift makes a contribution to the University, it is necessary to establish thresholds for gifts.

Outright Gifts:

Gift Form	Minimum Value
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Credit Cards:	No minimum
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Cash or Checks:	No minimum
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Non-Canadian Foreign Currency:	\$500
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Publicly Traded Securities:	No minimum
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Mutual Fund Shares:	\$1,000
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Closely Held/Restricted Securities:	\$1,000
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Non-public Securities:	\$10,000
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Tangible Personal Property:	\$10,000
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Gifts in Kind:	Dependent on gift
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Real Estate:	\$100,000
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Planned and Deferred Gifts

Gift Form	Minimum Value
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Bequests:	No minimum
Qualified Retirement Plan Beneficiary Designations:	No minimum
Life Insurance Beneficiary Designations:	No minimum
Gift Annuities (initial gift):	\$10,000
Gift Annuities (additional gifts):	\$5,000

Individual Charitable Remainder Trusts

The minimum amount necessary to establish a CRT at Willamette is \$100,000. Subsequent additions to an existing CRUT, CRUTNI, NIMCRUT, or Flip-CRUT may be made in increments of \$10,000 or more. CRATs, by law, are not allowed to receive additions.

Effective Date: June 01, 2024

Responsible Person/Primary Contact: VP for Advancement

Responsible University Office: Advancement