Iowa State University Foundation
Gift Acceptance Policy

Approved by the ISU Foundation Board of Directors
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INTRODUCTION

The Iowa State University Foundation (the “Foundation”) is organized as an Iowa Nonprofit Corporation under Chapter 504 of the Iowa Code, is exempted from Federal Income Tax liability by Internal Revenue Code Section 501(c)(3), and qualifies as a Publicly-Supported Charity under Internal Revenue Code Section 509. The Foundation exists to secure and manage private gifts for the benefit of Iowa State University (the “University”). To facilitate this charitable purpose, under a service agreement dated July 1, 2006, the Foundation has been recognized by the University as its sole official fundraising organization.

This document has been developed by the staff of the Foundation and approved by the Foundation’s Board of Directors to outline straightforward and objective procedures for analyzing and accepting charitable gifts to the Foundation for the University’s benefit. While the procedures set forth herein are detailed and often specific to the type of gift contemplated, they shall be interpreted in light of two overriding principles:

**Principle 1:** A gift shall not be accepted by the Foundation if such acceptance would not be in the interest of the donor. A determination of the donor’s “interest” shall include, but not be limited to, the donor’s financial situation and philanthropic interests, as well as any tax or other legal matters revealed while planning for a gift. The Foundation shall not encourage any gifts that are inappropriate in light of the donor’s known personal or financial situation.

**Principle 2:** A gift shall not be accepted by the Foundation unless there is a reasonable expectation that acceptance of the gift will ultimately benefit the University.

While this document is intended to provide guidance to Foundation personnel regarding acceptance of prospective gifts, donors are ultimately responsible for ensuring that the proposed gift furthers his/her charitable, financial and estate planning goals. Therefore, each prospective donor is urged to seek the advice of independent legal counsel in the gift planning process. It is within the province of neither the Foundation nor its staff to give legal, accounting, tax or other advice to prospective donors.
GIFT REVIEW AND ACCEPTANCE

It is the responsibility of the Foundation Board of Directors (the Board) to accept or decline all gifts to the Foundation. The Board of Directors has delegated responsibility for this acceptance to the Gift Acceptance Committee (GAC) and to Foundation staff.

Gift Acceptance Committee

The Gift Acceptance Committee shall consist of the following voting members:

Foundation Staff

- Foundation President and Chief Executive Officer
- Foundation Vice President of Development
- Foundation Senior Vice President of Finance and Operations

Non-Staff Committee Members

There shall be three (3) non-staff committee members. These three members will be comprised of the following:

- One Foundation Governor – recommended by the committee and approved by the Foundation Board of Directors
- One university faculty representative, selected in consultation with the Faculty Senate – appointed by the President of Iowa State University
- One representative of university administration – appointed by the President of Iowa State University

The terms of the three non-staff committee members shall be up to three years, which may be extended for one additional three year term. A year is considered to be on a fiscal basis. In order to provide continuity and expertise on the committee, terms shall be staggered.

It is understood that, due to extenuating circumstances, a committee member may leave the committee prior to the expiration of their respective term. In this case, the newly appointed member will serve a new term of up to three years, which may be extended for one additional three year term.

Committee meetings shall be scheduled on a bi-monthly basis, and additional meetings shall be called as necessary to approve specific gifts. Attendance may be considered to be in person, participating via conference call, or via email, if the aforementioned meeting is held in an email format.
Definitions

Gift

A gift is an irrevocable transfer of personal property (e.g. cash, securities, books, equipment) or real property by a donor, either outright or through a planned/deferred gift vehicle for the charitable purpose designated by the donor and without expectation of a tangible or direct economic benefit to the donor with the exception of tax benefits and life income in the case of planned/deferred gifts. A gift implies no responsibility to provide the donor with a product, service, technical or scientific report(s), or intellectual property. Gifts made to the Foundation and gifts made directly to the University are both generally processed by the Foundation.

Grant

The University and Foundation also receive funding under grants. A grant is an award received generally as the result of a written proposal, with the understanding that an accounting and/or report will be done at the end of the project and a copy of the results will be provided to the funder. A grant that has been determined to be a gift is donative in nature; it is given voluntarily and without expectation of any tangible compensation and implies no responsibility to provide the donor with a product, service, technical or scientific report(s) or intellectual property. The requirement or expectation of the donor to receive a report detailing the use of the grant, and the results achieved does not change the nature of the grant; it is still a gift. If a grant has been determined to be a gift, it is generally processed by the Foundation.

Contract

A University issued contract is a legally enforceable document containing administrative terms and conditions for the use of the funds and may include provisions for intellectual property, reporting, compliance and publication rights. It involves performance requirements to carry out specific project(s) or services(s) on the part of the university. A contract is not considered to be a gift. Iowa State University handles contracts through the Office of University Counsel, Purchasing Department, Industry Contracts team within the Office of Intellectual Property and Technology Transfer, or Office of Sponsored Programs Administration.

The final determination as to whether funds are considered to be a gift and handled by the Foundation, or are a contract and handled by the University, is made by the Foundation’s Corporate and Foundation Relations team in conjunction with the University’s Office of Sponsored Programs Administration and/or Industry Contracts team. A careful review is made of the source of funding, requirements during the funding period, and deliverables if applicable. If applicable, the University’s Controllers Department, Purchasing Department, Facilities Planning and Management, Office of Risk Management, Office of University Counsel, and the appropriate College Dean may also be consulted. Complete guidelines can be found at http://ospa.iastate.edu/policies/.
Categories of Gifts

Gifts are classified into three categories, based on the level of risk associated with acceptance:

Gifts of material risk include:

- Outright gifts of real property
- Gifts of real property when a bequest is realized
- Endowment Farms
- Gifts of Real Estate with Retained Life Interest
- Interests in Business Entities
- Gifts of personal property with a Fair Market Value exceeding $5,000 if not to be used by the University
- Conditional pledges with a value exceeding $10,000
- All gifts of real or tangible personal property subject to donor restrictions regarding the disposal of such property
- All gifts of unusual items or gifts of questionable value

Gifts of moderate risk include:

- Non-publicly traded securities
- Notification of the intent to gift real property through a bequest
- Charitable gift annuities
- Charitable remainder trusts
- Charitable lead trusts
- Gifts of life insurance
- Conditional pledges with a value equal to or less than $10,000
- Gifts of personal property with a Fair Market Value equal to or less than $5,000 if not to be used by the University
- Gifts of personal property with a Fair Market Value that exceeds $5,000 if to be used by the University. These are considered Gifts in Kind

All other gifts are considered to be gifts of marginal risk.
Gift Acceptance Process

All gifts considered to be marginal risk may be accepted by Foundation staff on behalf of the Board of Directors. This includes Gifts in Kind with a Fair Market Value less than or equal to $5,000.

All gifts considered to be of moderate risk may be accepted by the Foundation staff after approval by the Foundation Senior Vice President of Finance and Operations or the Assistant Vice President and Controller. Gifts valued at a minimum of $10,000 and considered to be of moderate risk shall be reviewed by the GAC at the meeting following the receipt of the gift.

All gifts considered to be of material risk shall be approved by the GAC before the gifts may be accepted by the Foundation. It is understood that upon acceptance by the GAC, all gifts considered to be of material risk shall be documented with a written understanding between the donor, the Foundation and the University, if applicable.

A majority of the then-serving committee members shall constitute a quorum for any committee meeting. Action of the committee shall require a majority of the members voting at any meeting at which a quorum is present. If a majority decision cannot be reached, the gift will be declined.

The GAC may use its discretion to determine whether a gift will be forwarded to the Foundation’s Board of Directors for review and final decision.
TYPES OF GIFTS

Gifts to the Foundation may be in the form of outright gifts, pledges or deferred commitments.

Outright Gifts

Outright gifts include:

- Cash and Cash Equivalents
- Securities
- Real Property
- Endowment Farms
- Personal Property
- Gifts in Kind

Cash and Cash Equivalents

Cash is often the easiest way to give and the most frequently received form of gift accepted by the Foundation. These gifts can take the form of currency, check or credit card contribution. Cash may be delivered in person, by mail, by Electronic Funds Transfer (EFT) or by wire transfer.

Cash gifts are reported the date the cash is received in the Foundation mailroom. If gifts are transferred by EFT or wire, the date of the gift is the date that the money is transferred into the Foundation’s bank account.

Credit Card gifts (MasterCard, Visa, and Discover) are also accepted by the Foundation. When the Foundation receives a credit card gift delivered in person, through the mail, or through the phone, the date of the gift is the date the credit card charges are processed by the Foundation. When a donor makes an online credit card gift, the date of the gift is the date the donor completes the transaction.

Securities

Gifts of securities are valued at the average of the high and low price of the security as of the date of the gift.

The date of the gift is defined as the date of the postmark on the envelope or the date the security is hand delivered (physical certificates) or the date the stock is received in the Foundation’s brokerage account (book-held securities). If the security is not traded on that date, the Foundation will follow IRS Publication 561 in determining the value of donated property.
Publicly traded securities (stocks, bonds and mutual funds) will be accepted by the Foundation’s staff. It is the policy of the Foundation to sell these securities as expeditiously as possible.

In the case of non-publicly traded (closely held) securities, the Foundation shall examine any issue that is not publicly traded prior to acceptance as a gift and may decline a gift of such securities if it deems them difficult to value or not easily marketable. Non-publicly traded securities shall be considered moderate risk.

It is the donor’s responsibility, for gifts of non-publicly traded securities exceeding $10,000, to have the securities valued by a qualified independent appraiser as required by the Internal Revenue Service.

Gifts of non-publicly traded securities of $10,000 or less may be valued at the per-share cash purchase price of the most recent transaction. Normally, this transaction is the redemption of the stock by the corporation. For a gift of $10,000 or less, when no redemption has occurred during the reporting period, an independent certified public accountant (CPA) who maintains the books for a closely held corporation is deemed to be qualified to value the stock of that corporation.

**Interests in Business Entities**

Donors may make gifts of interests in business entities (partnership interests, S Corporations, interests in limited liability companies). These may be accepted by the Foundation so long as the Foundation assumes no legal liability in receiving them. In evaluating a gift proposal of such assets, the GAC may consider the probability of conversion to a liquid asset within a reasonable period of time, projected income that will be available for distribution and administrative fees, the nature of the business from which the asset is derived, and whether or not ownership of the interest will subject the Foundation to unrelated business income tax or capital gains tax. The Foundation may decline acceptance of any such gift.

The Foundation shall not accept, without GAC approval, a gift making it a principal in a joint venture or other business activity in which it would participate in the risks of operation or would have any liability for the conduct of the business that exceeds its capital contributions (e.g. as a general partner, principal in a joint venture, or as an owner of a working interest).

**Real Property**

Real property includes improved or unimproved land, personal residences, farmland, commercial property, rental property and mineral interests. In general, the Foundation’s policy is to dispose of all gifts of real estate as expeditiously as possible. This policy will be communicated to donors when the Foundation receives notification of the donor’s intent to gift real property. If it is the intention of the donor that the Foundation not
immediately dispose of real property, an agreement must be made in writing between the Foundation and the donor before such property may be accepted by the Foundation.

The donor of real property should talk with his/her attorney about any possible charitable deduction before making the decision to donate the property. Real property may be gifted at three different times: during the donor’s lifetime, notification by the donor of the intent to gift through a bequest, and upon receipt of a bequest.

If the donor wants to give real property during his/her lifetime, the GAC will consider the gift only after a thorough examination of the criteria listed below:

1) *Market Value and Marketability.* The GAC must receive a current appraisal (not older than 60 days) of the fair market value of the property and interest in the property the Foundation would receive if the proposed gift were approved. Development officers shall inform the donor that, if the gift is completed, the IRS will require an appraisal to substantiate the gift. The appraisal and other information must indicate clearly and convincingly that there is a market for the property under consideration and that the property can be sold within a reasonable period of time. A representative of the Foundation or its property management affiliates must do a site visit of the property. Regardless of the value placed on the property by the donor’s appraisal, the Foundation will attempt to sell at a reasonable price reflected by the current market.

2) *Potential Environmental Risks.* All proposed gifts of real property, including gifts from realized estates, must be accompanied by an Environmental Questionnaire pertaining to the property that has been completed by the donor (and/or counsel or family members in case of an estate gift). In addition, a Phase 1 Environmental Site Assessment (ESA) by a qualified engineer indicating that ownership will not expose the Foundation to environmental liabilities is required, typically at the donor’s expense. This requirement may be waived for non-farm residential property or, on a case by case basis, real estate with a retained life interest. The Phase 1 ESA must meet the then-current ASTM 1527 standard in effect.

The Foundation will require that all gifts of an interest in mining or oil and gas properties (and any other gift which the Foundation deems appropriate) must be inspected by a properly licensed or certified professional as may be required to demonstrate due diligence and care in accepting the property as free from contamination. Any such inspection shall be documented properly for legal reasons.

3) *Limitations and Encumbrances.* In general gifts of real estate will not be accepted until all mortgages, deeds of trust, liens and other encumbrances have been discharged.
4) *Carrying Costs.* The existence and amount of any carrying costs, such as property owner’s association dues, transfer charges, taxes and insurance, must be disclosed.

If the donor notifies the Foundation of the intent to gift real property through a charitable bequest, the Foundation staff may acknowledge the intent to gift after a review of the market value and marketability. A current appraisal is preferred, but not required. If a current appraisal is not available, it is acceptable for a Foundation representative or its property management affiliate to complete a walkthrough of the property to generally evaluate marketability.

Intent to gift property through a bequest is considered a moderate risk gift. A full evaluation of the property will be completed at the time the bequest is realized. This future evaluation, including an assessment of the Market Value, Environmental Questionnaire, and Phase 1 ESA as applicable must be communicated to, and understood by, the donor.

At the time a bequest of real property is realized, the GAC will consider the gift using the same criteria as if the donor was to gift the property during his/her lifetime.

Gifts of real property qualifying for a charitable deduction to the donor shall be valued by using the fair market value of the property as determined by a qualified appraisal. Appraisals are generally provided and paid for by the donor.

The execution and delivery of a deed of gift or other appropriate conveyance shall complete the gift. The donor shall pay the costs associated with the conveyance and delivery of the gift.

If the Foundation should sell or otherwise dispose of the donated property within three years of the date of the gift, the Foundation must file an information return on IRS Form 8282 and send a copy to the donor.

**Endowment Farms**

In general, the Foundation’s policy is to dispose of all gifts of real estate, including farm ground, as expeditiously as possible. However, there may be circumstances under which a farm may be gifted for a significant period of years. The Land Endowment Committee shall thoroughly examine the property, including the criteria listed below:

1) Potential Environmental Risks, including a Phase 1 ESA

2) Limitations and Encumbrances

3) Carrying Costs
4) Donor Intent (research, demonstration, teaching, scholarships, etc.)

The GAC will consider the gift after a review of the recommendation from the Land Endowment Committee.

**Personal Property (Accepted with intent to sell)**

The Foundation may consider gifts of personal property, which can be tangible or intangible. Examples of tangible personal property include, but are not limited to, works of art, manuscripts, literary works, vehicles, developed software, equipment and livestock. Examples of intangible personal property include, but are not limited to, various intellectual property such as patents, copyrights and software under development. In many instances, these gifts will be retained by the University, and if so, are considered to be Gifts in Kind and are discussed in the Gifts in Kind section.

It is the policy of the Foundation to sell or otherwise dispose of all gifts of personal property. The Foundation’s intention to sell the property and use the proceeds to further its charitable activities shall be communicated to the donor in writing at the time of the gift.

Gifts of personal property shall be valued at their full fair market value. Gifts with fair market values exceeding $5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing noncash charitable contributions. Gifts of $5,000 and under may be reported at either the value declared by the donor or the value placed on them by a qualified expert on the faculty or staff of Iowa State University. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at $1. Gifts of intellectual property will be valued as per applicable IRS guidelines.

Title to the gift property should be clear and unencumbered, and properly documented. Careful consideration should be given to marketability, storage, transportation, and disposal costs of all gifts of personal property.

If the fair market value of the personal property gift is greater than $5,000, and the property will not be utilized by the University, the gift must be presented to the GAC for approval. Personal property gifts with a fair market value equal to or less than $5,000 must be approved by the appropriate Foundation staff.

If the Foundation sells or otherwise disposes of the donated property within three years of the date of the gift, the Foundation must file an information return on IRS Form 8282 and send a copy to the donor.
Gifts in Kind (Retained for University Use)

Gifts in kind are a form of personal property that will be retained and used by the University faculty and/or students. It is imperative that the property be used to complement the core mission of the university in the areas of teaching, research, creative endeavors, outreach programs or a combination thereof. The use and need of the property should be clearly documented and approved by the respective University unit. If applicable, the ISU Controller’s Department, Purchasing Department, Facilities Planning and Management, Office of Risk Management, Office of University Counsel, and the appropriate College Dean may be asked to provide approvals as well. These approvals will be coordinated through appropriate Foundation staff and a representative from the ISU Controller’s office.

Gifts in kind shall be valued at their full fair market value. Gifts with fair market values exceeding $5,000 will be reported at the values placed on them by qualified independent appraisers as required by the IRS for valuing noncash charitable contributions. Gifts of $5,000 and under may be reported at either the value declared by the donor or the value placed on them by a qualified expert on the faculty or staff of Iowa State University. If a value as specified above is not placed on a gift of personal property, the value shall be recorded at $1.

Gifts in kind of software are valued in one of two ways. A written confirmation of the value of the gift at the educational discount price should be obtained from the donor. If no educational discount is available, that must be stated from the donor, and a value of 50% of the retail price shall be used.

Title to the gift property should be clear and unencumbered, and properly documented. Careful consideration should be given to maintenance, storage, and transportation costs of all gifts in kind.

Gifts in kind with a fair market value equal to or greater than $10,000 shall be reviewed by the GAC at the meeting following the receipt of the gift.

The University Museums Acquisitions Committee must approve all gifts in kind of art that are to be retained by the University. This includes works of art located in the Brunnier Art Museum, Farm House Museum, and exterior and interior public art works on campus (the Art on Campus Collection).

It is the policy of the Foundation to transfer ownership of all gifts in kind to the University.
Pledges

Pledges are commitments to give a specific dollar amount according to a fixed time schedule. This schedule may not exceed five years for any one gift, unless approved in advance by two of the following three senior staff members: Senior Vice President of Finance and Operations, Vice President for Development or the President and Chief Executive Officer. Annual Fund pledges are usually for amounts less than $1,000 and for periods less than one year. All pledges other than Annual Fund pledges are required to be in writing.

The following minimum information must exist to substantiate a pledge:

- the amount of the pledge must be clearly specified;
- there must be a clearly defined payment schedule;
- the donor may not proscribe contingencies or conditions;
- the evidence of the pledge should include words such as “promise”, “agree”, “will”, “intend”, and
- the donor must be considered to be financially capable of making the gift.

Pledges that do not contain this minimum information must have prior approval by the GAC.

Deferred Gifts

Deferred gifts include:

- Charitable Bequests
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Life Insurance
- Real Estate with Retained Life Interest

Charitable Bequests

Donors can make charitable bequests to the Foundation in wills or living trusts. A bequest of cash or publicly traded securities is always acceptable. A bequest of nonpublicly traded securities, real estate, tangible personal property, or other assets must be approved or declined by the GAC as described in this Gift Acceptance Policy.
Charitable Gift Annuities

A charitable gift annuity is a contract between the Foundation and the donor. The donor makes an initial payment to the Foundation and the Foundation agrees to pay the annuitant an income for the rest of his/her lifetime. The Foundation will accept either cash or publicly traded securities for the initial payment. The entire assets of the Foundation back the income payments of a gift annuity contract. The maximum annual payment to the annuitant is based on the annuitant’s age and the fair market value of the contribution made by the donor. Since the annuitant expects to receive payments from the Foundation for the remainder of his/her lifetime, the actual “gift” to the Foundation has a value of significantly less than the donor’s initial payment. The Foundation offers the gift annuity rates recommended by the American Council on Gift Annuities.

The Foundation will accept current gift annuities, which begin payments at the next payment date (quarterly, biannually or annually), as well as deferred gift annuities, whose initial payment is at least one year after the gift date. The deferral period will be at the discretion of the donor, subject to minimum age requirements identified below.

Gift annuity agreements shall be limited to one life or two lives in being at the time of the gift. The minimum age for the annuitants shall be 60 for immediate annuities. For deferred annuities, the minimum age for annuitants at the time of establishment shall be 50. The annuitant’s minimum age at the commencement of payments for deferred annuities shall be 60.

The minimum acceptable contribution to establish a charitable gift annuity is $10,000. The maximum dollar amount that may be established for the benefit of each individual annuitant is $1 million. This maximum may be reached through the establishment of one gift annuity or through multiple gift annuities.

Gift annuities are considered moderate-risk gifts and will be accepted by the Senior Vice President of Finance and Operations or the Assistant Vice President and Controller and reviewed by the GAC at the next meeting immediately following the receipt of the gift.

When a gift annuity is accepted it will be invested in order to provide for future annuity payments. When an annuity matures at the death of the annuitant(s), an amount equal to 20% of the residual is available for the unrestricted use of the Foundation with the remaining 80% designated for the purpose as indicated by the donor. This donor-designated amount may be unrestricted, restricted or endowed, as the donor directs, and is subject to the same policies as outright gifts regarding gift fees and minimum amounts for naming accounts regulated by the “Iowa State University and ISU Foundation Guidelines for Naming Opportunities and Endowments.”

State registration requirements must be adhered to in those states whose insurance or other laws and regulations so require. Foundation policy allows for establishing gift annuities in Iowa. Before gift annuities may be issued for residents of other states, the Foundation shall review the states’ annuity regulations and receive approval from the
Senior Vice President of Finance and Operations or the Assistant Vice President and Controller.

Charitable Remainder Trusts

Unitrusts

The basic form of Unitrust provides for payment to the donor and/or beneficiary of an amount equal to a set percentage of fair market value of the assets of the trust, valued annually. The percentage is determined at the time the trust is created, is stated in the trust, and is permanent. The minimum payout allowed is 5% annually. The maximum percentage shall be determined by the Foundation administration based on recommendations by the gift planning staff. The maximum percentage shall be based on several factors, including the age of the donor(s), number of lives, amount of gift, rate of return on U.S. Treasury bonds at the time and other considerations. Also, the value of the charitable tax deduction must be at least 10% of the fair market value of the property transferred to the trust on the date of the transfer (in accordance with IRS regulations).

All life income beneficiaries must be age 60 or older. If a beneficiary is under 60, a term of years not to exceed 20 years charitable remainder trust must be used.

If the Foundation is to serve as trustee, the minimum asset value for establishing a charitable remainder trust shall be $100,000, and the Foundation must be at least a 50% beneficiary of the trust. If the Foundation is not the sole beneficiary, there may be a maximum of two additional beneficiaries.

Trusts funded with cash or publicly traded securities are considered moderate risk gifts and will be accepted by the Senior Vice President of Finance and Operations or the Assistant Vice President and Controller. These will be reviewed by the GAC at the next meeting following the receipt of the gift.

If the trust is to be funded with nonpublicly traded securities, real property, tangible personal property, or other assets, the GAC must consider the asset in accordance with the respective policies established herein before the trust is accepted by the Foundation.

Prior to acceptance of the Unitrust, the Foundation’s attorney must either draft the trust document at the Foundation’s expense or review and approve a trust document prepared by the donor’s attorney.

Income payments are based on a fixed percentage of the annual market value of trust assets and will vary in amount as the value of the assets change. Payments may be set for life or a term of years not to exceed 20 years. Payments to income beneficiaries must come exclusively from the trust assets and are not guaranteed by the Foundation.

The only fees that will be charged to a trust are those charged by external sources. At the time of this writing, Kaspick & Company, LLC. administers the Foundation trusts.
Annuity Trusts

Annuity trusts are similar to Unitrusts 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 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 unitrust, additions may not be made to Annuity Trusts.

Charitable Lead Trusts

This trust is designed to make periodic income payments to a charitable organization for a specified number of years, after which the trust terminates and the assets pass to the designated individuals either outright or in trust.

Major gift donors may use charitable lead trusts to fulfill pledge agreements with cash, stock, real estate (or a combination of these assets) placed in trusts.

The Foundation may accept a designation as an income beneficiary of a charitable lead trust. However, the Foundation will not serve as trustee of a charitable lead trust.

Life Insurance

The Foundation may be the beneficiary only, or the owner and beneficiary of a life insurance policy.

A donor may name the Foundation as beneficiary of a life insurance policy that the donor continues to own. Acceptance of this type of life insurance gift may be made by Foundation staff.

A donor may contribute an existing life insurance policy to the Foundation in which the Foundation becomes owner and beneficiary. A donor may also apply for a new policy on his or her life, with the Foundation as the original policy owner and beneficiary.

Life insurance gifts where the Foundation is to be owner and beneficiary shall be reviewed and accepted by the Senior Vice President of Finance and Operations or the Assistant Vice President and Controller. As a moderate risk gift, these will be reviewed by the GAC at the meeting following receipt of the gift.

The following criteria apply to insurance gifts when the Foundation is owner and beneficiary:
1) The premium must be a lump sum payment or annual premium payments as made by the donor.

2) The policy may not be a term insurance policy.

3) The donor agrees to be responsible for making additional premium payments if the interest rates fall below expectations and additional premium payments are required.

4) The minimum face value for acceptance of a gift of insurance when administrative handling by the Foundation is required is $100,000.

The donor, on the advice of the donor’s advisers, must decide which is in the donor’s best interests, to name the Foundation owner and beneficiary or to name the Foundation the beneficiary only.

The donors will be informed that if, for any reason, they are unable to make the gifts to cover the premium payments and there are not dividends to cover the payment, the Foundation will select an option deciding the future of the policy based upon several factors, which may be age of donor, death benefit, amount of paid-up insurance, amount of premium, number of premiums remaining, etc. The options are:

1) Cease premium payments and consider the policy paid at current level of insurance.
2) Surrender the policy for the cash value and use the funds as designated by the donor.
3) Use Foundation resources to pay the insurance premium.

The Foundation reserves the right to review the specifics of a proposed gift of life insurance before accepting ownership, including receipt of a current illustration and cash surrender value. As owner of a policy, the Foundation reserves the right to “cash in” a policy at any time (foregoing the potential death benefit).

Life insurance is valued at the cash surrender value at the time of the gift. Additional premium payments are considered gifts when received by the Foundation.

**Real Estate with Retained Life Interest**

Donors may receive a sizable charitable income tax deduction by making a gift to the Foundation of their personal residence or farm while retaining full use and rights to the property during their lifetime. (The donor retains a “life interest” and the Foundation receives the “remainder interest”.) In addition, the donor retains responsibility for property repairs, taxes, insurance, capital improvements, and other expenses.
By definition, gifts of real estate with a retained life interest will be funded by real property. The asset must be reviewed and accepted by the GAC as described previously in this Gift Acceptance Policy before the gift can be made. The gift is created by transferring a deed to the Foundation, reserving a “life interest” for the life of the donor, or his or her designees. It is the responsibility of the donor’s legal counsel to transfer the deed.

Reviewed and approved by the ISU Foundation board of directors June 8, 2013.
Reviewed and approved by the ISU Foundation board of directors April 14, 2011.
Reviewed and approved by the ISU Foundation board of directors June 26, 2009.