

# **Holiday Lake 4-H Educational Center, Inc.**

## **PLANNED GIVING POLICY**

### **I. INTRODUCTION**

A strong planned gifts program is essential to the fulfillment of the long-range objectives of Holiday Lake 4-H Educational Center, Inc. (hereinafter usually referred to as simply "the 4-H Center"). Public policy encourages private support of the 4-H Center not only through tax benefits described in the income tax laws, but also through estate tax laws. Planned gifts are often the largest single investment an individual can make in support of the 4-H Center. The 4-H Center needs the additional resources to support its mission, which are possible only through a planned gift program.

Such a program provides an opportunity for prospective donors to relate their charitable objectives to their total estate and financial plans. In so doing, it assists them in achieving maximum benefit from their resources for all of their objectives for themselves, their family, as well as charity.

This program shall be called the Planned Giving Program of Holiday Lake 4-H Educational Center, Inc. and shall be fully integrated into the total long-range development plans of the 4-H Center.

### **II. DEFINITION**

**Planned Gift-** A planned gift is any gift of any kind, in any amount, given for any purpose (operations, capital expansion, or endowment) whether for current or deferred use, which requires the assistance of a professional staff person, a qualified volunteer, or the donor's financial or legal advisors to complete. In addition, it includes any gift that is carefully considered by a donor in light of estate and financial plans and for which provision is made through some appropriate legal contract, but which does not become effective and complete until certain conditions described in the contract are fulfilled. The agreement may be in the form of a Last Will and Testament, an Insurance Policy, Trust, Annuity, or some other legal contract.

### **III. OBJECTIVES**

The objectives of the planned giving program are:

- A. To provide comprehensive planned giving and estate planning information as a service to directors, members, program participants, employees and any other individuals and their families who may have an interest in the 4-H Center, thereby enhancing their ability to achieve maximum benefit for themselves, their families, and others.
- B. To develop additional resources for the 4-H Center.
- C. To help individuals with an interest in the 4-H Center and their families to exercise good management of their resources for the achievement of their personal and charitable goals.
- D. To provide individuals and their families an opportunity to extend influence and support of the 4-H Center beyond their lifetimes.

## IV. MANAGEMENT POLICIES

The planned giving program legally commits the 4-H Center and its respective officers and directors to obligations, which may extend far into the future. Therefore, the 4-H Center's Board of Directors should formally adopt the following policies which direct and protect: (1) the best interest of the donor, (2) the official representatives for the 4-H Center, (3) the welfare of the 4-H Center, and (4) the personnel charged with management of the Planned Giving Program.

The following policies are to be adhered to by representatives of the 4-H Center

- A. Protection of Donor's Interests:** Volunteer and professional staff representatives shall always consider the best interest of the donor as the first priority in planning gifts.

As a matter of ethics, the interests of the 4-H Center shall not take precedence over the best interest of the donor. It shall be our intent to establish a relationship with the donor that protects the welfare and reputation of each party and is mutually beneficial. No program or commitment shall be urged upon any prospective donor that should benefit the 4-H Center at the expense of the donor's interests and welfare. The 4-H Center shall not knowingly enter into any agreement that would jeopardized the donor's best interests.

It will be our practice to require that an outside party serve as executor of any estate in which the 4-H Center is a beneficiary.

It will be the practice of the 4-H Center to recommend that an outside party serve as trustee of any trust in which the 4-H Center is a beneficiary, particularly if there are other principal remaindermen. However, if the donor(s) desires the 4-H Center to serve as trustee and the 4-H Center's Board of Directors agree to serve in this capacity, fiduciary responsibility shall rest with the Holiday Lake 4-H Educational Center, Inc. Board of Directors. The 4-H Center's Board of Directors may delegate management of the trust to a corporate agent while retaining oversight responsibility.

- B. Legal Counsel:** Prospective Donors shall be advised to consult their own attorney or especially an attorney specializing in estate planning and/or financial advisor in all matters related to planned gift instruments such as drafting of Wills, Trusts, Agreements, Contracts, as well as the tax implications and estate planning aspects of a planned gift instrument. If a representative of the 4-H Center makes recommendations of attorneys for the donor to consider using, more than one name shall be give and, it shall be expressed to the donor and the attorney that counsel is to be retained by the donor-client to first represent the donor-client's interests. Legal counsel, knowledgeable in the specialized areas of tax, financial, retirement and estate planning, as well as other implications of planned giving, shall draft agreements, contracts, trusts, or other legal documents utilized in the Planned Giving Program.
- C. No Pressure Techniques:** Representatives of the 4-H Center shall exercise extreme caution to avoid pressure or undue influence when dealing with prospective donors. General information regarding a plan, including benefits, limitations, and tax implications, must be provided to a prospective donor before a gift is made. The donor shall be encouraged to seek and obtain independent professional advice of attorneys, accountants or others.
- All personnel employed by the 4-H Center to contact prospective donors, or to promote the Planned Giving Program shall be paid a salary or fixed wages, but shall

not receive commissions or bonuses on specific gifts obtained which could give such personnel a personal interest in any agreement.

- D. Scope of Service:** Services of representatives of the 4-H Educational Center, Inc. to help the donor remember whatever additional charitable interests he or she may have in other charitable organizations and agencies.
- E. Confidential Information:** All information concerning prospective donors, including names and addresses, beneficiaries, nature and worth of estates, amount of bequests, *etc.*, shall be kept strictly confidential by the 4-H Center and its personnel unless the donor(s) grants permission to use selective information for purposes of referral, testimony, or example.
- F. Promotion:** The Planned Giving Program may be promoted through a regular advertising program in appropriate publications and any other communications media that is reasonable and appropriate. All promotional efforts shall have the objective of generating response, inquiry, or motivation to some clearly defined action. It will be the policy of the 4-H Center not to sell any list(s) of donors or to use those lists for other than legitimate purposes of the 4-H Center.

A direct mail cultivation and information piece shall be circulated quarterly to the planned giving prospect list. The objective shall be to provide motivation and information related to legal, tax, and other technical implications related to planned giving.

All promotional materials shall be designed in a sequence to bring an individual from “suspect” to “prospect” to “inquirer” to “client” to recorded expectancy.

- G. Agents of Wealth:** Attorneys, accountants, life underwriters, stock brokers, investment advisors, trust officers and others who work in positions related to estate planning shall be informed and advised of the 4-H Center and its programs. These professionals shall be included on planned giving mailing lists.
- H. Authorization of Negotiation:** Only approved personnel shall be authorized to negotiate on behalf of the 4-H Center with respect to the Planned Giving Program.

## V. GUIDELINES COVERING THE PLANNED GIVING INSTRUMENTS

### A. Gift Annuities

Normally, no Gift Annuity shall be issued in exchange for an amount less than ten thousand dollars (\$10,000) or for the life of any person less than fifty (50) years of age on the date of the agreement. Only gifts of cash or readily marketable securities will be acceptable for establishing an annuity.

Deferred payment one-life gift annuities on lives under fifty (50) years of age will be considered.

Gift Annuity agreements shall be issued for no more than two (2) lives, and in the case of an immediate payment two-life agreement, the youngest shall not be less than

fifty (50) years of age. Deferred payment two-life gift annuities on lives under age fifty (50) will be considered.

Rates for Gift Annuities will be based on pre-established guidelines, reviewed at least annually and will be based on the age of the donor. The rate will be set based upon the advice of our investment advisors, rates offered by other non-profit organizations and the rates suggested by the American Council of Gift Annuities.

Gift Annuities will be handled by a third-party contractor qualified to process annuities, such as a bank or trust company, or the Virginia 4-H Foundation, whenever possible and otherwise by the 4-H Center's chief staff person who will be responsible for disbursing checks at least quarterly to annuitants and transmitting forms 1099-R each year. Since Gift Annuities represent a general obligation of the 4-H Center, they shall be limited to no more than \$250,000 each, without prior Board approval.

Gift Annuities will be offered only to residents in states without prohibitive regulation. The 4-H Center's investment managers and advisors will be contacted if there is doubt as to the regulations governing Gift Annuities in a particular state.

Upon receipt, contributions for Gift Annuities will be invested in the endowment investment pool, *not as endowed funds*, but as institutional funds under a "total return approach." They shall be invested and retained in the fund until the demise of the life incomes beneficiaries. Invested funds, which have an obligation to a life income beneficiary, shall not be hypothecated, or used for self-dealing interests within other institutional funds. Investment of Gift Annuity Funds shall be reviewed periodically by the 4-H Center's Board of Directors consistent with the current investment policy for Gift Annuity funds.

The 4-H Center's Board of Directors may consider reinsuring annuities with one or more financial sound insurance companies.

## **B. Charitable Remainder Trusts**

Normally, the following must be considered for the 4-H Center's Board of Directors to serve as trustee of a Charitable Remainder Trust:

Unitrust and Annuity Trust agreements shall not be issued for more than two (2) lives. No Unitrust or Annuity Trust shall be written for less than one hundred thousand dollars (\$100,000) or for the life of any person less than fifty (50) years of age. In the case of two-life Unitrusts or Annuity Trusts, the younger income beneficiary shall not be less than fifty (50) years of age. Trusts may be modified in a variety of ways to suit the objectives of the donor. Unusual and complex charitable trusts, including education unitrusts written on the lives of young children, may be executed upon approval of the 4-H Center's Board of Directors.

The 4-H Center's Board of Directors shall not serve as a Trustee of a Charitable Trust unless the Unitrusts and Annuity Trusts name Holiday Lake 4-H Educational Center, Inc as both trustee and beneficiary, and as long as the 4-H Center will receive at least 5-% of the trust proceeds, upon termination, and the other charitable beneficiary(ies)

agree in writing, in advance, to allow proceeds of the trust, upon termination, to offset accumulated trust expenses, prior to distribution.

### **C. Pooled Income Fund**

Normally, initial investment in the Pooled Income Fund must be a minimum of five thousand dollars (\$5,000). Additional shares may be made for one thousand dollars (\$1,000). Shares will not be issued for more than two (20) lives nor will a share be issued for an individual under the age of fifty (50).

The Pooled Income Fund contains only life income contract gifts and cannot be mixed with endowment or other institutional investment funds. The fund cannot invest in tax-exempt securities. No donor or income beneficiary can be a trustee of the fund. Each person who has an income beneficiary can be a trustee of the fund. Each person who has an income interest in the fund must be paid an annual amount based on his/her proportionate share of the fund's rate of return. The fund cannot accumulate income for any beneficiary.

The Pooled Income Fund Shall be administered by an independent fund manager subject to approval by the 4-H Center's Board of Directors.

### **D. Bequests**

The 4-H Center shall not prepare Wills, Trust Agreements, or other legal documents related to gifts and bequests for individuals. However, proper wording for a bequest remembering the 4-H Center may be provided upon request. Financial assistance with the preparation of any of these legal documents may be granted to the donor as long as the final document is prepared by the prospective donor's attorney.

### **E. Other Arrangements**

Normally, the preceding are considered the most commonly the most commonly used planned giving instruments. However, other gift arrangements may be considered if and when appropriate.

Guidelines V, A-E may be modified and exceptions made thereto upon proper approval by the 4-H Center's Board of Directors.

## **VI. PROCEDURES FOR ESTABLISHING PLANNED GIFTS**

- A. All proposed planned gifts shall be reviewed and approved by the President/CEO, Center Director, or an Officer of the Corporation as designated by the Chairman of the Board, before commitments are made to prospective donors. Prospective donors shall be clearly advised of this requirement prior to approval.
- B. Items for review and approval shall include initial fair market valuation of assets payout percentages, payment dates, fiscal year, investment policies, and any other financial and legal consideration that might affect the agreement.
- C. Should the 4-H Center's Board of Directors agree to serve as fiduciary, prospective donors shall be advised that the Board is legally responsible to both income and

remainder beneficiaries, and therefore must be allowed discretion in investment of fund and administration of the trust.

- D. Gift Annuity agreements shall be executed by the donor(s) and the Chairman of the Board or the President/CEO or Center Director of the 4-H Center and approved by the Board of Directors upon recommendation of the Chairman as specified in Section V-A. A Gift Annuity Agreement will not be effective until approved and signed by an Officer of the Corporation.

Pooled Income Fund documents shall be executed by the donor(s) and the trustee of the Fund.

Trust agreements, shall be executed by the donor(s) and the appropriate trustee, and notarized accordingly.

Trust agreements for which the 4-H Center's Board of Directors accepts fiduciary responsibility shall normally be executed on behalf of the 4-H Center's Board of Directors by the President/CEO and the Chairman of the Board of Directors.

All trust agreements shall be notarized. The President/CEO, Center Director and the Treasurer may jointly execute such agreements on behalf of the 4-H Center in the absence of the respective Board Chairman.

- E. The 4-H Center's Board of Directors may serve as trustee pursuant to a revocable trust with the following requirements:

The 4-H Center must be 100% remainderman of the revocable instrument.

The Board of Directors' costs for trustee services will be fully disclosed by formula or otherwise in the trust agreement and will be charged to the trust.

- F. No gift of a partnership interest or a stock representing ownership of all or substantially all of a closely held corporation shall be accepted until satisfactory evidence indicating the net value of the assets and amounts of liabilities, both fixed and contingent, has been received.
- G. Upon receipt, all gifts of publicly traded securities shall, as soon as practicable, be placed with the 4-H Center's investment advisor for evaluation and/or sale.
- H. All written instruments establishing non-cash-funded Immediate Gift Annuities, Deferred Payment Annuities, Charitable Remainder Trusts, Pooled Income Funds, or other arrangements, shall include reference to the donor's cost basis in the property, constituting the corpus of the fund, so as to enable the fiduciary to account for capital gains generated upon liquidation of such property.
- I. So long as there is no payment for services, it is acceptable for a current or former employee of the 4-H Center to serve or agree to serve in an individual capacity as fiduciary for a donor pursuant to a Will, Trust Agreement, or other planned giving instrument in which the 4-H Center is a beneficiary.

- J. In determining age for use in Gift Annuities, or Life Income Contracts, the age at the nearest birthday will be used.
- K. Investment of funds received in return for annuity agreements shall be administered according to policy and investment practices established by the Board of Directors of the 4-H Center.

Upon receipt, gifts for Gift Annuities should be invested in the endowment investment pool, not as endowed funds, but as institutional investments under a “total return” approach. Total funds received in return for annuity agreements shall be segregated until the death of the annuitant(s), unless such obligations are reinsured through an insurance company.

Trust Funds held by the 4-H Center’s Board of Directors shall be held separately for each Trust. The income beneficiary(ies) shall receive an annual trust statement indicating activity within the trust for the year. As a matter of courtesy, if the donor(s) is not an income beneficiary of the Trust, he or she will receive a copy of the annual statement.

The income from Charitable Remainder Trusts is taxable to the income beneficiary(ies) as provided in the Trust document. The income beneficiary(ies) shall receive a separate letter detailing this information for income purposes; and, as a separate taxable entity, each Trust shall annually file Internal Revenue Service Form 1041A, Form 5227, and PA41 or its successor.

Unitrusts and Annuity Trust assets shall be managed, under contract by an external professional portfolio or investment manager. The investment services contract shall be reviewed through a formal bid process at least every three to five years.

- L. Payments of Gift Annuities and Life Income Contracts shall be made monthly, quarterly, semi-annually, or annually, according to the donor’s choice at the execution of the agreement.

It shall, however, be the policy of the 4-H Center to use the least frequent interval of payment that is practical within the framework of the donor’s desires.

- M. Record Keeping will be divided between third-party contractors for administration of the planned gifts and the administration of the 4-H Center.

The President/CEO or center Director shall assume responsibility for maintenance of prospect mailing lists, files, reports, contract records, donor’s personal and financial information, gift plan negotiations, systems for handling receipting, acknowledgments, account designations, and record expectancies.

With regard to Gift Annuities, the President/CEO or Center Director of the 4-H Center will be responsible for disbursing checks to annuitants and transmitting forms 1099-R each year unless outside third-party services are approved by the 4-H Center’s Board of Directors to be responsible for accounting, payment schedules, reporting for tax purposes,

and business records. With regard to gifts to the Pooled Income Fund, a corporate agent shall handle these responsibilities.

The President/CEO or Center Director of the 4-H Center will be responsible for the appropriate accounting records for the Planned Giving Program.

## **VII. GUIDELINES REGARDING ACCEPTANCE OF GIFTS**

Policies and Procedures for acceptance of gifts shall be governed by a separate “*Gift Acceptance Policy*,” approved by the 4-H Center’s Board of Directors.

## **VIII. GUIDELINES FOR ADMINISTRATION OF PLANNED GIFT EXPENSES**

- A. In any gift of real or personal property requiring an appraisal, *i.e.*, when a gift value is used to determine payment to an income beneficiary or to establish the value of a pledge payment, two appraisals shall be required.

One such appraisal shall be provided at the expense of the donor(s) and one at the expense of the 4-H Center, with the appraised values averaged. If either of the appraised values is not within ten percent of the average of the appraisal values, a third appraisal will be required, the expense equally divided between the parties. The third appraisal will be accepted by all parties as the gift value. If the donor does not wish to provide an appraisal, the 4-H Center may seek a second appraisal at its own expense if the scope of the gift exceeds \$100,000.

- B. Gifts of Real Estate will be accepted only when free of any debt encumbrances and free of any environmental concerns. [See the *Gift Acceptance Policy*.] In gifts of real estate, a title search, building inspection (including structural, electrical, and plumbing components) as well as an environmental inspection (including but not limited to pest, radon, and environmental components) shall be ordered at the expense of the 4-H Center. The title search, building inspection report, and environmental inspection report shall be completed prior to acceptance of a property. The real estate shall have a good and marketable title and be insurable by a reputable title insurance company. The building inspection and environmental inspection reports shall also be acceptable to the 4-H Center, which reserves the right to reject any property(ies). The provision of a deed shall be the responsibility of the donor(s).

Gift of Real Estate will be accepted only as outright gifts or as a gift for a net income only type unitrust.

- C. The use for the 4-H Center funds as a contribution to charitable remainder unitrusts of which the 4-H Center’s Board of Directors is trustee, or the leasing by the 4-H Center as lessee of properties held in trusts of which the 4-H Center’s Board of Directors is trustee, shall not be authorized as a matter of course but may be deemed advisable on a case-by-case basis. Such use of funds shall require approval of the 4-H Center’s legal counsel, and the 4-H Center’s Board of Directors.
- D. Guidelines VIII, A-C may be modified and exceptions made thereto upon proper approval.

## **IX. GUIDELINES REGARDING USE OF MATURE PLANNED GIFTS**

The Planned Giving Program is generally a capital gifts program. An individual's estate represents the accumulation of life investments. Just as his or her earnings generally form the base for living and operating expenses, so his or her estate represents accumulation of equity and capital investment.

- A. Designations for a specific charitable use will be honored. If a designation is implied and it is possible to ascertain or to interpret the donor's intent and interest, that intent shall be honored.
- B. Should the original purpose for which funds were gifted to endowment cease to exist at some future time, a representative of the 4-H Center shall contact the donor(s) to determine his/her preference regarding future charitable use of funds. In the event the donor(s) is deceased, a reasonable effort should be made to contact the donor's surviving family regarding such charitable use. Should such contact not be possible, the remaining funds shall then be used for the general purposes of the 4-H Center.

## **X. STANDARD OF CARE**

- A. Written receipts shall be issued by authorized representatives of the 4-H Center for any funds or property given, or to be transferred under negotiation of any gift agreement.
- B. All planned gifts will be permanently and appropriately recorded.
- C. In the case of Gift Annuities the President/CEO or Center Director shall deliver all funds or property promptly to the corporate agent currently in use by the 4-H Center.
- D. In the case of Pooled Income Fund gifts, the President/CEO or Center Director shall deliver all funds or property promptly to the corporate agent currently in use by the 4-H Center.
- E. The President/CEO or Center Director shall forward complete copies of all planned gift agreements to the Chairman of the 4-H Center's Administration/Finance Committee.
- F. The 4-H Center's Board of Directors authorizes the Chairman of the Board and the President/CEO or Center Director to sign all official documents and agreements related to planned gifts on its behalf.
- G. The 4-H Center's Board of Directors authorizes the President/CEO or Center Director to negotiate planned gifts on its behalf.
- H. Any agreement which differs substantially from the approved forms must have the approval of the 4-H Center's Board of Directors.
- I. Accounting and reporting procedures shall conform to requirements of the Internal Revenue Code of 1986, as amended, and other governing laws and shall provide the donor and/or income beneficiaries with information required by all applicable taxing authorities.

- J. The Board of Directors delegates the responsibility for the promotion and administration of the Planned Giving Program to the President/CEO, Center Director and the Administration/Finance Committee. The aforementioned members shall meet as often as necessary to review management of the program and report to the 4-H Center's Board of Directors.
  
- K. The Board of Directors delegates the responsibility for the investment of planned gifts, determination of investment objectives for each account, and accounting and reporting procedures to the President/CEO or Center Director. The Chairman of the Board, Chairman of the Administration/Finance Committee and the President/CEO or Center Director shall meet as often as necessary, but at least annually, to review performance of funds.
  
- L. All funds shall be subject to supervision of the corporate agent.
  
- M. All accounts shall be held in the name of "Holiday Lake 4-H Educational Center, Inc." A registered brokerage firm, member of the New York Stock Exchange, may be designated custodian of securities. Orders to buy or sell on recommendation of the investment advisor shall be accomplished in conformity with the Investment Policy of the 4-H Center's Board of Directors.

AMMENDED AND ADOPTED BY THE BOARD OF DIRECTORS December 4, 2012

Attest: \_\_\_\_\_  
Secretary of the Board