
SECTION: **POLICY STATEMENT - GENERAL AND ADMINISTRATIVE**

SUBJECT: **PLANNED GIVING PROGRAM POLICY AND OPERATING GUIDELINES**

PURPOSE: To provide overall policy direction to Management in the Administration of the Cal Poly Corporation's ("CPC") involvement in the University's Planned Giving Program.

EFFECTIVE DATE: **September 12, 2008**

HISTORICAL: March 17, 2000 to correct titles and update program processes.
July 1, 2007 Deleted trust and pooled income funds, increased minimum funding amount for charitable gift annuity contracts, added related entity reimbursement of annuity contracts.

**PLANNED GIVING PROGRAM POLICY
AND OPERATING GUIDELINES**

I. BACKGROUND AND PURPOSE

California Polytechnic State University encourages and solicits contributions of cash and personal and real property in the development of University programs and for maintaining instructional excellence. Contributions are accepted by the CPC as planned gifts permitted by the Internal Revenue Code and the laws of the State of California.

Title 5 of the California Code of Regulations (Section 42500) provides the broad authority of the CPC to function as the recipient/donee of certain gifts under the terms of an appropriate agreement between the CSU Chancellor, on behalf of the State of California, and the CPC.

Authority for the CPC to function as the donee/recipient of gifts or similar funds or assets for and on behalf of the California Polytechnic State University is set forth in University policy and master operating agreements between these entities. The provisions of this policy shall be interpreted consistent with these policy statements and agreements.

II. POLICY

A. The University Advancement Division, in collaboration with the CP Foundation (CPF) and CPC, will assist donors by informing them of philanthropic techniques which are best suited to achieve their objectives. Specifically, the Planned Giving Program is designed to offer donors the opportunity to give, while reserving income for life to themselves and other beneficiaries; to make such gifts by will; and to make outright gifts by bequest.

- B.** The Planned Giving Program is conducted as an integral part of the University's comprehensive development program.
- C.** The Program, under the overall direction of the Vice President of University Advancement, will be managed in close cooperation with designated CPC staff. Although the Planned Giving Office and CPC staff may propose specific annuity agreements to prospective donors, and negotiate such agreements, it is recognized that only designated CPC officials, advised by CPC legal counsel, are authorized to execute agreements on behalf of the CPC.
- D.** In soliciting and negotiating gifts, the Planned Giving Program recognizes a responsibility to be cognizant of the interests and concerns of the donor concerning his or her financial position. Accordingly, the following principles will be adhered to:

 - 1. In matters involving donors or prospective donors, the interests and concerns of the donor will be given the full consideration in relation to those of the University.
 - 2. All agreements proposed to prospective planned giving donors will contain information regarding benefits, limitations, and tax implications. Donors will be provided with copies of agreements before a gift is made, so that the document can be reviewed with the donor's financial advisor or legal counsel.
 - 3. All proposed agreements shall be reviewed and approved by designated CPC officials prior to presentation to the donor. CPC legal counsel may be called upon to draft annuity documents, in cooperation with the donor's own counsel.
 - 4. All prospective donors will be urged to seek the advice of their own attorney in reviewing the legal and tax consequences of their gift, the terms of any annuity agreement, and the advisability of the gift in light of the donor's overall estate plan and financial circumstances. University/CPC staff shall not give legal advice to prospective donors.
 - 5. Designated CPC officials may be called upon to review and comment upon documents drafted by the donor's attorney.
 - 6. Any legal advice needed by the CPC in conjunction with negotiating and reviewing prospective gifts the CPC might be managing will be contracted for by the CPC.
 - 7. All activities undertaken on behalf of the University shall be in accordance with accepted professional standards of accuracy, truth, integrity and good faith, and in line with the Model Standards of Practice for the Charitable Gift Planner, attached on Appendix A and the Statement of Ethics attached as Appendix B.

8. University Advancement officers will solicit gifts within the framework established by a Donor Bill of Rights, attached as Appendix C.
9. Information concerning a planned gift shall be kept in confidence, and no public announcement will be released without permission from the donor or income beneficiary.

III. METHODS OF GIVING

A. Cal Poly's Planned Giving Program shall include, but not necessarily be limited to, the following potential giving methods:

1. Bequests by Will
2. Charitable Gift Annuities and Deferred Payment Gift Annuities
3. Charitable Remainder Unitrusts
4. Charitable Remainder Annuity Trusts
5. Charitable Income or "Lead" Trusts
6. Pooled Income Fund
7. Gift or Remainder Interest in a Personal Residence or Farm with Life Estate Retained by Donor
8. Beneficial Interest in Insurance Benefits
9. Bargain Sales of Real or Personal Property

All of the above life income gifts will be designated to the Cal Poly Foundation with the exception of item #2 until such time as CPF can obtain a license to issue annuity contracts with the California Department of Insurance.

B. Appendix D summarizes the minimum and maximum dollar amounts, minimum additional contributions, number of income beneficiaries allowed, percentage return to income beneficiaries, minimum age of beneficiaries, and type of acceptable property generally acceptable by the CPF and CPC for each of the basic planned giving methods. Exceptions may be considered on a case-by-case basis with appropriate CPF, CPC and University approvals.

IV. PROGRAM MANAGEMENT

A. The basic functions required to establish and maintain an effective Planned Giving Program are prospect development, gift structuring and administration, and asset management.

B. Prospect Development

Prospect development tasks shall be the primary responsibility of the University's Advancement Division working in close collaboration with CPF and CPC.

C. Gift Structuring and Administration

1. The structuring and administration of annuity gifts will be the responsibility of the CPC. The Executive Director shall develop and implement operating guidelines to implement this responsibility.
2. The costs for the administration of annuity gifts will be assessed in accordance with existing University and CPC policy.

D. Asset Management

1. Annuity assets donated for the ultimate benefit of the University will normally be managed by the CPC. Assets managed by the CPC will be invested in accordance with fiduciary principles consistent with the policy of the CPC's Investment Committee and Board of Directors. The CPC will invest gifts in a manner that will assure the production of income and/or capital gains necessary to fulfill obligations to the donor, as well as assure the University of the use of an optimum amount of remainder.

Appendix A

Model Standards of Practice for the Charitable Gift Planner

Preamble

The purpose of this statement is to encourage responsible gift planning by urging the adoption of the following Standards of Practice by all individuals who work in the charitable gift planning process, gift planning officers, fund raising consultants, attorneys, accountants, financial planners, life insurance agents and other financial services professionals (collectively referred to hereafter as "Gift Planners"), and by the institutions that these persons represent.

This statement recognizes that the solicitation, planning and administration of a charitable gift is a complex process involving philanthropic, personal, financial, and tax considerations, and often involves professionals from various disciplines whose goals should include working together to structure a gift that achieves a fair and proper balance between the interests of the donor and the purposes of the charitable institution.

I. Primacy of Philanthropic Motivation

The principal basis for making a charitable gift should be a desire on the part of the donor to support the work of charitable institutions.

II. Explanation of Tax Implications

Congress has provided tax incentives for charitable giving, and the emphasis in this statement on philanthropic motivation in no way minimizes the necessity and appropriateness of a full and accurate explanation by the Gift Planner of those incentives and their implications.

III. Full Disclosure

It is essential to the gift planning process that the role and relationships of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IV. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payment of finders' fees, commissions or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift is never appropriate. Such payments lead to abusive practices and may violate certain state and federal regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

V. Competence and Professionalism

The Gift Planner should strive to achieve and maintain a high degree of competence in his or her chosen area, and shall advise donors only in areas in which he or she is professionally qualified. It is a hallmark of professionalism for Gift Planners that they realize when they have reached the limits of their knowledge and expertise, and as a result, should include other professionals in the process. Such relationships should be characterized by courtesy, tact and mutual respect.

VI. Consultation with Independent Advisers

A Gift Planner acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice.

VII. Consultation with Charities

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to insure that the gift will accomplish the donor's objectives, should encourage the donor early in the gift planning process, to discuss the proposed gift with the charity to whom the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

VIII. Description and Representation of Gift

The Gift Planner shall make every effort to assure that the donor receives a full description and an accurate representation of all aspects of any proposed charitable gift plan. The consequences for the charity, the donor and, where applicable, the donor's family, should be apparent, and the assumptions underlying any financial illustrations should be realistic.

IX. Full Compliance

A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal and state laws and regulations.

X. Public Trust

Gift Planner shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity and openness. Except for compensation received for services, the terms of which have been disclosed to the donor, they shall have no vested interest that could result in personal gain.

Adopted and subscribed to by the National Committee on Planned Giving and the American Council on Gift Annuities, May 7, 1991. Revised April 1999

Appendix B

A 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:

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.

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.

To have access to the organization's most recent financial statements.

To be assured their gifts will be used for the purposes for which they were given.

To receive appropriate acknowledgment and recognition.

To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

Developed by: American Association of Fund Raising Counsel (AAFRC), Association for Healthcare Philanthropy (AHP), Council for Advancement and Support of Education (CASE), and National Society of Fund Raising Executives (NSFRE).

Endorsed by: Independent Sector, National Catholic Development Conference (NCDC), National Committee on Planned Giving (NCPG), National Council for Resource Development (NCRD), and United Way of America.

Appendix C

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 so doing, they promote the merits of their institutions and of education generally, without disparaging other institutions;

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, marital status, sex, sexual orientation, creed, ethnic or national identity, handicap, or age;

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's deliberation by national and district leaders and by countless volunteers throughout the membership. The Board reaffirmed the Statement of Ethics on March 10, 1997.

APPENDIX D

PLANNED GIVING PROGRAM POLICY STATEMENT

GIVING METHOD THRESHOLDS AND LIMITATIONS SUMMARY

GIVING METHODS:

COMMENTS:

- A. GIFT ANNUITIES AND DEFERRED PAYMENT
GIFT ANNUITIES*
1. Minimum gift \$10,000. Additional contributions also a minimum of \$10,000 as they constitute a new contract.
 2. Maximum amount per contract or cumulative amount per annuitant will be \$250,000 in value. Individual contracts or cumulative gifts benefiting a particular annuitant in excess of this amount will be approved on a case by case basis.
 3. Minimum age at which payments will begin for either immediate or deferred gift annuity contracts will be age 60.
 4. Each charitable gift annuity shall be limited to a maximum of two annuitants.
 5. Interest rates will be the current rates established by the American Council on Gift Annuities (National Council).
 6. Gift annuity contracts may be funded with cash or readily marketable securities. All other types of funding assets will be approved on a case by case basis.
 7. No portion of an annuity contract will be expended until its maturity except for beneficiary payments, fees, and expenses.
 8. Related entities to the University (such as FPAC) must agree to reimburse CPC for annuity payments if contract becomes depleted.
 8. A reserve will be funded to pay the annuity obligation of any contract directly benefiting the University whose assets are exhausted. The reserve will be funded by an assessment equal to 25 basis points on the value of the annuity pool. This reserve will be held in the Corporation's Designated Fund.