



# SOUTHWESTERN UNIVERSITY

## GIFT ACCEPTANCE POLICIES

### PLEASE NOTE:

Southwestern University strongly encourages you to consult with your own financial and legal advisors regarding the use of these charitable gift vehicles. Southwestern's University Relations staff is ready and willing to provide you and your advisors with the information necessary for you to make sound decisions regarding your philanthropic goals.

For more information about Southwestern University and its giving programs, please contact Southwestern's Development Office at 512-863-1211.

Southwestern University's federal tax i.d. number is 74-1233796.

## DONOR BILL OF RIGHTS

1. Donors can expect that gifts will be proposed and consummated in the spirit of philanthropy. The gift intent of each donor will be the primary guide for all recommendations.
2. Donors have the right to receive, upon request, reliable financial information from Southwestern University.
3. Donors will be informed of all fees being paid to third party sources involved in either soliciting or implementing a specific proposed gift.
4. Donors are encouraged to seek independent advice and counsel when making property or split interest gifts.
5. Donors can expect to receive all gift options available, not one-sided recommendations.
6. Donors have the right to choose the beneficiaries and purposes for each gift. However, Southwestern University retains the right to choose individual beneficiaries of the donor's largesse, e.g., selection of scholarship recipients, endowed faculty appointments, etc.
7. Donors have the right to be informed of the portion of their gift being used to carry out Southwestern University's exempt purposes.
8. Donors have the right to expect that gift proposals should work in the manner proposed.
9. Donors have the right of disclosure concerning any known conflicts of interest surrounding gift proposals.
10. Donors have the right to know that all major gift proposals will take into account the impact that such a gift may have on their stated personal financial and estate planning goals.
11. Donors have the right to expect that tax information provided is reasonable and reliable.
12. Donors should expect that their gift will have follow-up consistent with that proposed or agreed upon by Southwestern University. Such follow-up will include proper financial accounting when appropriate.

## GIFT ACCEPTANCE GUIDELINES

1. The following guidelines are to be used by Southwestern's Board of Trustees to evaluate prospective gifts. In its discretion, the Board may depart from one or more of these guidelines based on the circumstances of a particular gift, and the Board retains its right to refuse any gift. Gifts will not be accepted where there is no charitable intent on the part of the donor.
2. Unless otherwise negotiated, gifts of property will be converted into cash at the earliest opportunity, keeping in mind current market conditions and the use of the property in the accomplishment of the mission of Southwestern University.
3. Southwestern University will not, in most cases, assume any indebtedness in connection with a gift. Exceptions to the contrary must be approved by the Board of Trustees.
4. If property is encumbered by indebtedness, the donor will, in most cases, be asked to provide for the payment of carrying costs until the property is liquidated.
5. Gifts will not be accepted where Southwestern University would be exposed to material or personal liabilities as owners of the property.
6. Southwestern University will not enter into Limited Partnership agreements.
7. Contributions should support and enhance the mission and purpose of Southwestern University. Contributions which subject the University to burdensome or unusual restrictions will not be accepted.
8. Gifts will not be accepted under circumstances where, in the opinion of its tax advisers, Southwestern University would become subject to the tax on unrelated business income or unrelated debt-financed income.
9. Donors of property gifts of over \$5,000 (except for gifts of publicly traded stock) must obtain an appraisal by an independent, third party, licensed appraiser in accordance with current tax law requirements.
10. Expenses associated with the conveyance of a gift made to Southwestern University are to be borne by the donor.
11. All gifts of life insurance must comply with applicable Southwestern University Guidelines for Gifts of Insurance.
12. Southwestern University will assume that donors rely on their own personal advisers for tax, legal, financial, and other advice concerning their gifts. A letter of understanding from a donor for a property gift, along with proof of outside advice from counsel, may be required before such a gift will be accepted.

## GIFTS OF CASH/CREDIT CARD

The simplest way to make a gift to Southwestern is to write a check made payable to “Southwestern University” and mail it to:

Southwestern University  
Office of Gift Programs  
PO Box 770  
Georgetown, TX 78627

You can also call Southwestern’s Development Office at 512-863-1211 and ask us to charge your credit card one time or to set up recurring payments. Southwestern does not accept credit card gifts through email. Credit card gifts may be made by postal mail, the University’s website, walk-in or phone call.

Your contribution may be designated for a specific program or it may be undesignated, available for meeting the University’s highest priorities. If you wish for your gift to be used in a certain way, be sure to indicate your preference both on the check and in a cover letter.

Gifts of cash may be deducted up to 50 percent of your adjusted gross income in a given year. If gifts exceed this amount, you may carry forward the excess deduction on your income tax returns for up to five additional years.

If you would like to make a direct wire transfer of cash, please review the instructions below or contact Southwestern’s Development Office at 512-863-1211 for further assistance.

### GIFTS OF CASH: DIRECT WIRE TRANSFER INSTRUCTIONS

Gifts in U.S. dollars may be wired directly from your bank to Southwestern University by providing your bank with the following wire transfer instructions:

Wire transfer for gifts of cash should be sent to:

Receiving Bank:	First Texas Bank, Georgetown, Texas 78626
ABA/Routing #:	114903103
Credit to:	Southwestern University
Account #	58-273-4
To the attention of:	Cheryl Wood, 512-863-2567

For proper donor recognition, wire transfer instructions should include the following information:

- Donor’s name and address
- Southwestern account allocation number (if known) or specify gift purpose

## GIFTS OF SECURITIES

Giving stocks and bonds that have increased in value (and that you have owned for more than one year) provides even greater tax benefits than giving cash.

Not only is the market value of the securities deductible (subject to applicable limitations), but you also avoid paying the capital gains tax on the appreciation.

The value of a securities gift is the median of the high and low market price of the stock or bond on the date of your gift. You are entitled to deduct the gift value of securities for up to 30 percent of your adjusted gross income. (The maximum allowable deduction for all charitable contributions in any given year is limited to 50 percent of an individual's adjusted gross income.) Any excess can be carried over for an additional five years.

If your stock is held in custody with a brokerage firm or bank trust department, you can make a direct transfer of the securities from the custodian firm or bank to Southwestern's account at Regions Bank, Little Rock, AR (SEI Private Trust Company). You should instruct the holding institution to make a direct transfer, known as a "DTC", with the following instructions:

Please deliver *[insert #]* shares of *[insert stock name and symbol]* from my account with *[insert brokerage firm name]*, account number *[insert account number]* to:

DTCC #: 2663  
Account Name: Southwestern University  
Account #: 7050000767

ATTENTION: Jennifer Scivley, Relationship Consultant, Regions Bank, jennifers.scivley@regions.com or Stephanie Orrell, Relationship Consultant, Regions Bank, stephanie.orrell@regions.com, 479-356,7011

Please notify Southwestern University's Development Office at 512-863-1211 of the transfer of stock, name of stock, and number of shares transferred and indicate how your gift is to be used (scholarships, Southwestern Fund, etc.). This will enable the university to acknowledge your gift promptly and respect any restrictions or preferences you may have for the use of the gift.

The value of a securities gift is the median of the high and low market price of the stock or bond on the date of your gift. You are entitled to deduct the gift value of securities for up to 30 percent of your adjusted gross income. (The maximum allowable deduction for all charitable contributions in any given year is limited to 50 percent of an individual's adjusted gross income.) Any excess can be carried over for an additional five years.

## GIFTS OF REAL ESTATE

A gift of real estate to Southwestern University provides a charitable deduction for the full fair market value of the gift – up to 30 percent of your adjusted gross income if you have held it for more than six months – with the usual five-year carryover.

As with other appreciated property, transferring the asset to the university avoids any capital gains tax in most cases. You will need to have your gift of real estate appraised by an independent appraiser to determine the value of your deduction. Also, be sure to consult with Southwestern to make sure your real estate is appropriate for the university's use. Gifts of real estate usually have a minimum equity of \$25,000.

**PREFACE:** Pursuant to a resolution adopted by the Southwestern University Board of Trustees on April 28, 1995, University staff and the Fiscal Affairs Committee were granted the authority to develop and recommend to the Board of Trustees policies and procedures to govern the acceptance of gifts of real estate by the university. This policy statement has been developed in accord with that resolution.

**INTRODUCTION:** It is the policy of Southwestern University to exercise business prudence and fiduciary responsibility when considering the acceptance of gifts of real estate. Therefore, the university sets forth the following procedures to govern the process by which the university determines to accept or decline offers of gifts of real estate.

**PROCEDURES:** The university shall follow the below-listed procedures in determining whether or not to accept offers of gifts of real estate. University staff shall coordinate its review efforts with Farmer's National Company, the university property management consultant, and shall seek input from the consultant in determining the acceptability of real estate gift offers. When considering the acceptance of real estate gift offers, university staff shall:

1. identify the donor while maintaining appropriate levels of confidentiality;
2. determine the legal and geographic description of the property, and the location of the property;
3. ascertain an estimated value of the property from the potential donor and the basis (comparables, appraisals) on which that estimated value is determined;
4. determine whether the proposed gift is a one-time gift or if it is part of a longer term gift program;
5. determine the terms and conditions of any gift program pursuant to item #4 above;
6. inform the potential donor, in writing, of university policy and procedures governing the acceptance of offers of gifts of real estate;
7. refer all of the information generated from the above actions to the university property management consultant for review and comment, as described in items 9 through 13 below;
8. in cases of acceptance of the gift offer (see Gift Acceptance section below), obtain a title policy or other bona fide verification of title, including information on liens or encumbrances, at the time of closing.

Upon receipt of the above-stated information from the university, the property management consultant shall then perform the following duties:

9. physically inspect the real estate in question and complete, as a record of the inspection, an environmental inspection form;
10. identify, as part of the physical inspection, any environmental concerns which may be readily apparent;
11. recommend to the university and to the potential donor on the advisability of an environmental survey (see Special Conditions – Environmental Surveys below) at the prospective donor's expense;
12. perform an independent assessment of the current and projected market value of the real estate in question, including an assessment of any potential income streams; and
13. conduct sufficient study of the property to permit the consultant to report its findings to University staff and the Fiscal Affairs Committee, and to recommend acceptance or declination of the gift.

**GIFT ACCEPTANCE:** Should the property management consultant, upon inspection of the real estate, determine that an environmental survey is not warranted prior to consideration of gift acceptance, the property management consultant shall report such to the university, and shall recommend gift acceptance or declination. If the consultant recommends acceptance, the President, or his/her designee, may accept the gift on behalf of the university, subject to the terms and conditions of this document, or may refer the matter to the Fiscal Affairs Committee for review and action. If the property management consultant recommends declination of the gift, the President, or his/her designee, may decline the gift on behalf of the university, or may refer the matter to the Fiscal Affairs Committee for review and action.

**SPECIAL CONDITIONS/ENVIRONMENTAL SURVEYS:** Should the property management consultant, upon inspection of the real estate, determine that an environmental survey is warranted prior to consideration of gift acceptance, the property management consultant shall recommend completion of the survey. The cost of the survey shall be borne by the prospective donor. The property management consultant shall review the results of the survey and shall recommend acceptance or declination of the gift to university staff. University staff shall refer the matter, along with the consultant's recommendation, to the Fiscal Affairs Committee for review and action.

**POLICY REVIEW AND REVISION:** This policy is subject to review by the Fiscal Affairs Committee or the Board of Trustees at any time and without prior notice. Recommended changes are subject to review and approval by the Board of Trustees.

*(Approved by the Fiscal Affairs Committee, January 31, 1996).*

## GIFTS OF PERSONAL PROPERTY

Donations of artwork, books, equipment, collections, antiques, and other personal property are sometimes appropriate gifts to Southwestern. Before making a gift of tangible personal property, please consult with the university to confirm that your gift can be used according to your wishes while also supporting the university's mission.

Gifts of tangible personal property entitle you to a deduction of the property's full fair market value – up to 30 percent of your adjusted gross income – as long as the property is determined by Southwestern to be related to the university's educational purpose and you have held it for more than a year. If your gift is likely to be valued at more than \$5,000, you must have it appraised by an independent, licensed appraiser within 60 days prior to the gift's transfer to determine the value of your deduction.

This policy is established to govern the acceptance and disposition of all gifts of tangible personal property made to Southwestern University, including but not limited to: works of art, manuscripts, antiques, rare books, livestock, mortgages, copyrights and literary works. All gifts that fall under this policy must be approved in advance of the acceptance of such gifts by the Committee for Gift Acquisitions (CGA). It is the responsibility of any gift officer, departmental or other university official (principally the Library, School of Fine Arts or University Relations Office) presented with a gift or working with an estate to bring all gifts subject to this policy before the CGA prior to accepting such gifts.

The CGA consists of the Vice President for Finance and Administration and representatives from University Relations including the Associate Vice President and Senior Director of Gift & Estate Planning. Where gifts in the fine arts are concerned, the committee will include the Associate Dean of the Sarofim School of Fine Arts and appropriate fine arts faculty.

**CRITERIA FOR ACCEPTANCE:** The CGA will consider accepting gifts of tangible personal property after a thorough review that indicates the property is:

1. readily marketable; or
2. needed by the university for use in a manner which is related to one of the purposes for which tax exempt status of the university was granted; that is, for education or research. Contributions should support and enhance the mission and purpose of Southwestern University.

### APPROVAL/ACCEPTANCE PROCESS:

1. The development officer will prepare a written summary of the gift proposal and submit the summary to the CGA through the Director of Gift & Estate Planning. At a minimum, the summary shall include the following information:
  - a. description of asset - if art, title of the work, medium, dimensions, condition, and any special requirements or problems in connection with the gift.
  - b. the purpose of the gift (e.g. for teaching purposes, for campus display);
  - c. an estimate or appraisal of the gift's fair market value and marketability;
  - d. any potential university use and, if so, written review by the department to benefit from the asset;



- e. any special arrangements requested by the donor concerning disposition (e.g. price considerations, time duration prior to disposition, potential buyers, etc.)
2. The CGA will review the material presented by the development officer and make a determination of whether to accept or reject the proposed gift (or, if necessary, to postpone a decision pending the receipt of additional information). The final determination of the CGA shall be communicated to the development officer by the Senior Director of Gift & Estate Planning, and the gift officer shall communicate the university's decision to the donor in writing.
3. If a proposed gift of tangible personal property is approved by the CGA, the University Relations Office or the President's Office will acknowledge receipt of the gift on behalf of the university. The university will not appraise or assign a value to the gift. Donors of property gifts over \$5,000 must obtain an appraisal by an independent third party appraiser in accordance with current tax law requirements. Tax forms 8283 and 8282 must be completed for the IRS.

**NOTE: All gifts of tangible personal property must be able to be liquidated in order to be accepted by Southwestern University.** No tangible property shall be accepted that obligates the university to ownership of it in perpetuity without prior approval from the CGA. No perishable property or property which will require special facilities or security to properly safeguard said property will be accepted without prior approval of the CGA.

Other property of any description, including mortgages, notes, copyrights, royalties, easements, trademarks, and patents may be accepted only by prior approval of the CGA.

Southwestern University and Art Department Faculty are not responsible for any appraisal.

A sample Personal Property Deed of Gift form is available by contacting Southwestern's Development Office at 512-863-1211.

*(Approved by the Institutional Advancement Committee of the Board of Trustees, February 26, 2001)*

## A. FRANK SMITH, JR. LIBRARY CENTER COLLECTION DEVELOPMENT POLICY

**GIFT POLICY:** Donations are considered in three categories: donation of funds, donation of rare books and archival materials, and donation of all other materials.

Gifts, once accepted, become the property of the university and subject to library policies as they change over time. Potential donors must know that this includes the possibility of disposal by gift or exchange with other libraries, by sale, or by any other appropriate means, including recycling as a last resort.

**DONATION OF FUNDS:** The library gratefully accepts donations of funds. Donors wishing to donate funds to the library can do so online. Individuals considering larger gifts or naming the library as a beneficiary in their estate plans should contact April Hampton Perez, Senior Director of Development, Planned Giving, at 512-863-1997.

**DONATION OF RARE BOOKS AND ARCHIVAL MATERIALS:** The library is interested in acquiring special and rare materials in Texana, and early British and American literature. Special Collections also houses the University archives, developed entirely by deposit or donation. Donors wishing to give the library rare or archival materials should contact Megan Firestone, Head of Special Collections and Archives, at [firestom@southwestern.edu](mailto:firestom@southwestern.edu) or 512-863-1221.

If you need a statement of the value of your gift for tax purposes, please obtain this before your gift is received by the university. As an interested party, Southwestern cannot provide an appraisal for you. We will be glad to provide the names of professional appraisers and/or used-book dealers who can assign a dollar value to your gift.

**DONATION OF OTHER MATERIALS:** The library does not accept other donations (such as books, CDs, DVDs, or newspaper, magazine, or journal issues). Books authored by Southwestern alumni should be donated to the alumni collection maintained in the Schrum Alumni Center. To donate, alumni authors should contact the Office of University Relations at 512-863-1211 or [alumni@southwestern.edu](mailto:alumni@southwestern.edu).

*In the past, the university received a substantial portion of its annual acquisitions from donors. This enabled us to acquire a number of titles, including some now out of print, which we would otherwise not own. Book and media donations received over the years helped to meet the needs of Southwestern University's students and faculty. We owe a tremendous debt of gratitude to all who helped Southwestern build our library collection to its current depth and value. Our donors' continued expressions of generous support to Southwestern University are deeply appreciated as the A. Frank Smith, Jr. Library Center focuses on expanding our rare and archival materials and integral digital research collections.*

## ENDOWMENTS

Southwestern University endowments are a sound investment in a better future. With a gift to endowment, you provide permanent support for the university.

Growing the endowment is the best way to guarantee Southwestern's long-term financial health, sustain its academic excellence, and honor its commitment to providing access and affordability to admitted students. Endowments allow Southwestern to preserve its signature strengths, fund current priorities, and achieve future goals. A larger endowment will also minimize tuition increases while helping Southwestern to attract—and keep—the very best faculty and students.

Choosing what your endowment will support is simply a matter of selecting a program that matches your interests. Southwestern's endowments support our faculty, provide financial aid for our students, build our libraries and collections, and sustain a myriad of programs and activities.

Permanent endowments can be funded with outright cash gifts while a donor is living, or be funded as a result of a planned charitable gift strategy(ies) put in place by the donor with the ultimate objective being the funding of the endowment upon their death(s).

Examples of these planned (or deferred) charitable gift strategies include bequests (will), life insurance policies, charitable trusts, gift annuities, etc., whereby a sum of funds is received by Southwestern University with only the annual investment revenue expended for the purpose as designated by the donor at the time the planned charitable gift strategy was formalized.

Minimum requirements for establishing an endowment vary depending on the nature of the gift opportunity. Endowments may be funded with a single gift or through multiple gifts spread over a period of up to five years, and you or anyone else may continue to add to its principal at any time.

**TYPES OF ENDOWMENTS:** The following are a variety of endowment types that may also cover purposes that fall outside of the general categories listed below.

### **STUDENT SCHOLARSHIPS: \$50,000 and above**

Scholarships attract and recognize the best undergraduate students, regardless of their financial circumstances. Your assistance allows students to concentrate on their coursework while also participating more fully in extracurricular programs that will enhance their personal development.

### **PROGRAM ENDOWMENTS AND EXCELLENCE FUNDS: \$50,000 and above**

These endowments support excellence in specific or general programs throughout campus. You can choose to support the area in which you earned your degree or another program that interests you, and your gift will allow academic leaders to address ever-changing needs, demands, and opportunities as they arise.

### **BOOK AND COLLECTION FUNDS: \$50,000 and above**

Book and collection funds advance scholarship and research, enabling the purchase and maintenance of books, maps, electronic resources, and special collections in the arts and

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sciences, and humanities.

#### **FACULTY SCHOLARSHIP AWARDS: \$100,000 and above**

Awarded to faculty who have distinguished themselves as academic leaders, faculty scholarship funds provide the support necessary for these promising scholars to remain at the forefront of their field. Faculty scholarship funds encourage faculty to expand their activities and those of their students in the areas of teaching and research.

#### **CHAIRS AND PROFESSORSHIPS: \$1,000,000/\$500,000 and above**

Chairs and Professorships are awarded to outstanding faculty and provide invaluable financial support to attract and retain the most innovative scholars in their field. Chairs and Professorships draw exceptional students, attract junior and senior faculty, and leverage funding from other sources.

If you are interested in an endowed fund at Southwestern, please contact our Development Office at 512-863-1211 to discuss the parameters of the fund and to establish your named endowment. A sample Endowed Fund Memorandum of Understanding is available by contacting our offices as well.

### **BEQUESTS**

Naming Southwestern University as a beneficiary in your estate plan is a simple and lasting way to acknowledge the university's role in your life.

A bequest to Southwestern can be included in the body of your will or in an addition to it (a codicil). To name Southwestern as a beneficiary, please use this language: **“Southwestern University at Georgetown, Texas.”** You may designate your bequest for a specific purpose. Testamentary gifts to Southwestern are typically deductible for estate tax purposes and can be made in the following ways:

1. Residuary Bequest – You may state that all or a portion of your estate be given to Southwestern after specific amounts are distributed to other beneficiaries.
2. Specific Bequest – You may stipulate that a certain percentage of your estate, or a certain dollar amount, or particular securities or other assets be given to Southwestern.
3. Testamentary Charitable Trust – You may establish a unitrust or annuity trust for specific beneficiaries through your will. The trust principal is transferred to Southwestern only after the death of the last trust beneficiary.

**SAMPLE BEQUEST LANGUAGE:** The provisions in your will for making a gift to Southwestern will depend upon the type of gift and your own circumstances. Below are types of sample language that you and your attorney might find helpful.

**AN UNRESTRICTED GIFT:** I give to Southwestern University at Georgetown, Texas, the sum of \$\_\_\_\_\_ (or \_\_\_\_\_% of my residual estate; or the property described herein) for its general purposes.

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**A RESTRICTED GIFT:** I give to Southwestern University at Georgetown, Texas, the sum of \$\_\_\_\_\_ (or \_\_\_\_\_% of my residual estate; or the property described herein) for the use and benefit of \_\_\_\_\_ (i.e., a department, a general university endowment, other purpose(s).)

**OR**

I give to Southwestern University at Georgetown, Texas, the sum of \$\_\_\_\_\_ or \_\_\_\_\_% of my residual estate (or the property described herein) to be used to endow the \_\_\_\_\_ (Name of endowed fund). Income from said fund, as determined by applicable university policy, shall provide \_\_\_\_\_ (purpose).

**RESIDUARY:** All the rest, residue, and remainder of my estate, both real and personal, I give to Southwestern University at Georgetown, Texas, for its general purposes (or describe the specific purpose, if desired).

**CONTINGENCY GIFT:** I devise and bequeath the residue of the property owned by me at my death, real and personal, and wherever situate, to my husband (or wife),\_\_\_\_, if he (or she) survives me. If my husband (or wife) does not survive me, I devise and bequeath my residuary estate to Southwestern University at Georgetown, Texas, for its general purposes (or describe the specific purpose, if desired).

## GIFTS OF LIFE INSURANCE

Naming Southwestern as owner and beneficiary of a paid-up life insurance policy entitles you to a deduction equal to your cost basis in the policy, or its replacement cost, whichever is less.

A similar gift with a policy that is not fully paid-up provides you with a tax deduction approximately equal to the policy's cash surrender value. Life insurance policies which are at least 50 percent paid up with surrender values of at least \$2,000 make the most appropriate gifts.

## RECOMMENDED GUIDELINES FOR GIFTS OF LIFE INSURANCE

### EXISTING INSURANCE POLICIES:

- Transfer of an existing policy should be absolute, with full ownership vested in Southwestern University.
- Southwestern University reserves the right to surrender the policy if it so desires.
- The policy should have a net cash value with no outstanding loans.
- Southwestern University should be provided with a summary of the policy, including the donor's cost basis and current cash surrender value.

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- When applicable, the donor should agree to contribute, on an annual basis, the amount necessary to maintain the policy in force.

#### **NEW INSURANCE POLICIES:**

- All gifts of new insurance must be with an insurance company that is rated 'A' or better with the A.M. Best Company.
- Southwestern University requests that all proposals for gifts of insurance be submitted to Southwestern University prior to making application for the policy.
- Normally, Southwestern University will not accept any gift of a life insurance policy with a premium payment period of more than 10 years.
- Annual donors to Southwestern University will be asked to continue their annual support in either cash or marketable property in addition to a gift of life insurance.
- Southwestern University will not accept any insurance policy where the intent of the donor is for Southwestern University to pay future premium payments through policy loans. Southwestern University should be provided with a letter of understanding concerning any policy for which premiums are calculated on the basis of variable interest and mortality assumptions.

#### **BENEFICIARY DESIGNATION GIFTS**

The simplest way to leave the balance of a retirement account and/or life insurance policy to Southwestern University after your lifetime is to name the University as a beneficiary of the account. You must complete the beneficiary designation form provided by your plan administrator. Never make a beneficiary change, however, before discussing your wishes with your professional advisor. This is a revocable designation which can be changed at any time. When Southwestern University or any other charitable organization is named as the beneficiary of an IRA or other pension asset, at the death of the IRA or pension plan participant, both income taxes and estate taxes are avoided, and the full amount of the remaining assets is distributed to the designated organization(s) for the purpose you designate.

#### **GIFTS WITH LIFE INCOME**

Gifts that return income to the donor are excellent vehicles for retirement and overall financial planning.

These gifts allow you to make a significant contribution to the University and receive a number of benefits:

- income payments for your life and/or the life of your spouse or another beneficiary you designate;
- probable elimination of capital gains tax on appreciated property;

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- a potential increase in income;
- potential investment diversification;
- professional investment management;
- the probable reduction of estate taxes and probate costs;
- the satisfaction of directing the purpose of your gift; and,
- the fulfillment of supporting SU during your lifetime.

**GIFT ANNUITIES:** The gift annuity, which offers fixed payments for life, is the simplest of life income plans. It is a contract between you and Southwestern University, where you agree to donate a gift in return for a fixed payment for life. Part of the distribution you receive is tax free, part is ordinary income, and – if the annuity is funded with appreciated securities – part is treated as capital gains income.

Your income tax deduction is based on the amount of your gift, the ages of the beneficiaries, and the income received. You may increase your after-tax income, particularly if appreciated stocks are used to fund the gift annuity. Generally, SU enters into gift annuity contracts with a minimum value of \$10,000 and annuity rates which will provide a remainder gift of at least 50 percent of the value at the end of the contract. Southwestern University follows the gift annuity rates suggested by the American Council on Gift Annuities. Since additions cannot be made to a gift annuity, you may establish more than one. The minimum age to establish an immediate payment gift annuity is 60 and age 55 for deferred gift annuities with the first payment to begin at age 60.

Annuities may be issued to residents of: Alaska, Connecticut, Idaho, Iowa, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Mexico, North Carolina, Oklahoma, Texas, and West Virginia.

**CHARITABLE REMAINDER UNITRUSTS:** You may establish a unitrust, which is invested separately from the university's assets and provides income that may vary from year to year. One of the best features of a unitrust is its potential to counter the effects of inflation. The unitrust is valued the first business day of every year, and a percentage of the trust is distributed regularly to you or another beneficiary.

Unitrusts may be established for \$100,000, and additional contributions can be made to a unitrust, usually with a minimum of \$10,000.

Your income tax deduction is based on the amount of the gift, the ages of the beneficiaries, and the percentage of the trust assets received as income.

Generally, Southwestern prefers not to act as trustee. However, we can suggest financial institutions that could serve as trustee.

**CHARITABLE REMAINDER ANNUITY TRUSTS:** You may establish an annuity trust, which is also invested separately from the university's assets and provides a fixed income to you for your lifetime, the lifetime of the trust's beneficiary, or a term of years not to exceed 20 years. When the trust terminates, the trust assets are distributed to Southwestern for use toward the university's highest priorities or a purpose designated by you. The annuity trust is valued at

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the time it is established, and at least five percent is distributed on a regular basis to you or another beneficiary. Your income tax deduction is based on the amount of the gift, the ages of the beneficiaries, and the percentage of trust assets received as income. Typically, the more income you receive, the lower your tax deduction.

Generally, Southwestern prefers not to act as trustee. However, we can suggest financial institutions that could serve as trustee. Most banks and trust companies require a minimum of \$100,000 to establish an annuity trust. Since additions cannot be made to an annuity trust, you may establish more than one.