

**ROCKY MOUNTAIN METHODIST FOUNDATION, INC.  
PLANNED GIVING PROGRAM**

Policies and Guidelines

**AUTHORIZATION**

The Rocky Mountain United Methodist Foundation, Inc., (hereinafter the Foundation) encourages donors to make both outright and deferred gifts to the work of the United Methodist Church, including but not limited to gifts to local churches, the Rocky Mountain Conference, and various Church-related entities. The types of deferred gifts to be encouraged include bequests, charitable gift annuities (immediate and deferred), retained life estates, gifts of life insurance policies and proceeds, charitable remainder trusts, charitable lead trusts and such other gift arrangements as the Board of Directors (hereinafter the Board) of the Foundation may from time to time approve. All planned giving programs, solicitation plans, and activities shall be subject to the oversight of the Board or the appointed committee.

1. The policy of the Foundation is to inform, serve, guide, or otherwise assist donors who wish to support the activities and mission of the conference and its local churches, but never under any circumstances to pressure or unduly persuade any prospective donor.
2. Persons acting on behalf of the Foundation shall in all cases encourage the donor to discuss the proposed gift with an independent legal and/or tax advisor of the donor's choice so as to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.
3. Any and all consultants, advisors, or other persons who may be discussing charitable gifts with prospective donors shall follow all program guidelines approved by the Board. All planned giving arrangements requiring execution by the Foundation shall first be reviewed and approved as to form by the Foundation's legal counsel.
4. The following planned gifts must be reviewed and approved by the Planned Gifts Committee appointed by the Board. Before acceptance, relevant information about the gift shall be ascertained including a copy of any appraisal secured by the donor. The Foundation also reserves the right to secure its own appraisal.
  - A. Outright gifts of real estate, closely held stock, tangible personal property, partnership interests, and other property interests not readily negotiable.
  - B. Charitable remainder trusts.
  - C. Charitable lead trusts.

- D. Charitable gift annuities funded by cash or securities.
  - E. Retained life estate in a residence or farm or other real property.
  - F. Bargain sales and other arrangements where the donor receives any payments from the Conference, a local church, or the Foundation.
5. Outright gifts of cash, publicly traded securities, retirement plan assets, individual retirement accounts, and life insurance do not require approval by the Planned Gifts Committee.
  6. The Foundation as a third party administrator is authorized to issue charitable gift annuities- immediate and deferred- for the benefit of local churches, the Conference, or other United Methodist-related entities and invest assets contributed for annuities. The Foundation may employ agents and advisors to facilitate the investment of these assets.
  7. The Foundation will normally **not** serve as trustee of charitable remainder trusts and charitable lead trusts except in extraordinary circumstances. Any proposed trust for which the Foundation is requested to serve as trustee shall be subject to the approval of the Board or its designee after review by legal counsel. The cost of administration of charitable remainder trusts and charitable lead trusts shall be an expense of the respective trusts.
  8. The following guidelines are established to assure that planned gifts accepted by the Foundation will be cost-effective.

## **GUIDELINES**

### **1. The Charitable Gift Annuity**

#### A. Description

The Charitable gift annuity is an irrevocable contract between the beneficiary (local church, Conference or United Methodist-related entity) and the donor, with the Foundation as the administrator of the contract. Pursuant to the contract, the Foundation, acting as the administrator for the beneficiary, agrees to pay the donor (or other persons named by the donor) a lifetime annuity in return for a gift of cash, securities, or other property. The payment may continue for the life of a second individual such as a spouse.

The annual payment is a fixed sum, the amount of which is based on the size of the gift and the number and ages of the beneficiaries.

As administrator of the contract, the Foundation will be a 20% beneficiary recipient of all gift annuities.

B. Guidelines:

1. The minimum amount for an annuity agreement is \$10,000.00 and maximum shall be \$300,000. Donors **who wish to make gifts in excess of \$300,00 will be encouraged to consider creating a charitable remainder annuity trust or unitrust with a commercial fiduciary as the trustee.**

2. The rates of return payable to annuitants shall not exceed those recommended by the American Council on Gift Annuities or as set by the Board, **but in no event more than seven percent (7%).**

3. Agreements shall be limited to two lives, and ordinarily the minimum age for the annuitants shall be 60 for immediate annuities and 45 for deferred annuities. Exceptions may be made subject to the prior approval of the Planned Gifts Committee in consultation with the Foundation's legal counsel.

C. Gift annuities shall be managed by the Foundation, and the Foundation may employ agents and advisors to assist with the administration and the investment of gift annuities.

## 2. Charitable Remainder Trusts

A. Description:

The charitable remainder trust is a separately administered trust established by the donor. It provides for payments to the donor and/or other named beneficiary(ies) either for life or a term of years (not exceeding twenty), where upon the remaining trust assets are distributed to one or more charities.

A charitable remainder annuity trust pays a fixed amount, which must be at least 5 percent of the fair market value of the assets initially contributed to the trust. This amount does not change, and no additional gifts may be made to the annuity trust after its creation.

A charitable remainder unitrust pays a fixed percentage (at least 5 percent) of the fair market value of trust assets, as valued annually. Because the value of assets can be expected to change from year to year, the unitrust payment will vary in amount each year. Additional contributions may be made to the trust after it is established. Three variations of the unitrust are possible:

1. A ~~%~~straight+unitrust pays the stipulated amount, even if it is necessary to invade principal to do so.
2. A ~~%~~net-income+unitrust pays a lesser of the stipulated amount or the actual net income, so principal would not be invaded.

3. A net income with make-up provision unitrust is similar to the net income unitrust except that excess earnings can be applied to cover accrued deficiencies resulting from the net income being less than the stipulated amount.

### 3. **The Charitable Lead Trust**

#### A. Description

A charitable lead trust is a trust in which the income, or lead interest, is paid to the Foundation as third party administrator for the beneficiary (local church, Conference or other United Methodist-related entity), and the remainder interest is given to one or more noncharitable beneficiaries, who could be either the donor or family members. The amount paid to the Foundation for the beneficiary may be either a fixed sum (an annuity trust interest) or a percentage of trust assets as valued each year (a unitrust interest).

### 4. **Life Insurance**

There are various methods by which a life insurance policy may be contributed to the Foundation as third party administrator or policy owner for a beneficiary. The donor may

- 1.) Assign irrevocably a paid-up policy to the Foundation as administrator for a United Methodist entity beneficiary;
- 2.) Assign irrevocably a life insurance policy on which premiums remain to be paid; or
- 3.) Name the Foundation as third party administrator on behalf of a United Methodist primary or successor beneficiary of the proceeds.
- 4.) Name United Methodist entity as beneficiary.

#### B. Guidelines

United Methodist Foundation or, any of these types of life insurance gifts are acceptable to the Foundation. In the event a policy is contributed on which premiums remain to be paid, the donor will pay the premiums.

### 5.) **Retained Life Estate**

A. Description

An individual may transfer to the Foundation, as third party administrator, title to a personal residence, farm or other parcel of real property, and the donor or another person retains use of the property for a term of years or the life of the donor and/or another person.

B. Guidelines

The donor shall continue to be responsible for real estate taxes, insurance, utilities, any mortgage or other payments related to the property, and maintenance after transferring title to the property unless the Foundation, upon prior approval of the Planned Gifts Committee, agrees to assume responsibility for any of these items.

6.) **Bargain Sale**

A.) Description

A bargain sale is a sale of property to the Foundation as third party administrator for a beneficiary for an amount less than the property's current fair market value. The excess of the value over the sales price represents a contribution. The bargain sale price may be paid either in a lump sum or installments.

B.) Guidelines

The Foundation, upon approval of the Planned Gifts Committee and legal counsel, may purchase real estate, securities, or other property on a bargain-sale basis. Ordinarily the price paid for the property should not exceed 60 percent of its appraised value.

7.) **Gifts of Real Estate**

A.) Description

Gifts of real estate may be made in various ways: outright, charitable remainder trust, retained life estate, and bargain sale. These guidelines pertain to gifts of real estate in general.

B.) Guidelines

- 1.) The donor shall secure a qualified appraisal of the property.

- 2.) The Foundation (or trustee in case of a charitable remainder trust) shall determine if the donor has clear title to the property.
- 3.) If the property may possibly contain toxic waste, the donor shall secure an environmental audit and provide the results to the Planned Gifts Committee. No property containing toxic wastes shall be accepted prior to their removal or other remediation, assuring that the Foundation assumes no liability whatsoever in connection with such toxic wastes.
- 4.) Mortgaged property may be accepted as an outright gift, provided the property has sufficient equity to justify assumption of the liability and provided the property is marketable.
- 5.) Mortgaged property shall not be accepted for a charitable remainder trust unless the trust would not be disqualified and the income from the property is sufficient to cover all liabilities.
- 6.) If the donor wants to give real estate and retain income, a charitable remainder annuity trust, is the preferred instrument
- 7.) The Foundation prefers not to manage real property and prefers that the property be readily marketable.

## 8.) **Gifts of Closely Held Stock and Other Business Interests**

### A.) Description

Donors may make gifts of closely held stock and partnership interests. These can be accepted by the Foundation as third party administrator so long as the Foundation assumes no liability in receiving them, and the property can be sold within a reasonable period of time.

### B.) Guidelines

- 1.) To be considered for acceptance, partnership interests must not subject the Foundation or any beneficiary to cash calls or other liability and must not have adverse tax consequences for the Foundation or the beneficiary.

- 2.) Closely held stock may be accepted if the probability exists of selling it within a reasonable period of time to the corporation, other stockholder, or to others interested in acquiring the corporation.

## 9.) **Bequests**

### A.) Description

Bequests have historically been the most important kind of deferred gifts, and they have contributed significantly to the building of endowments. The encouragement of bequests to local churches, the Conference and other United Methodist-related entities will be one of the highest priorities of the Foundation.

### B.) Guidelines

Sample bequest language for restricted and unrestricted gifts, including endowments, will be made available to donors and their attorneys to ensure that the bequest is properly designated. Donors will also be invited to provide a confidential copy of that section of their wills naming the Foundation as administrator for another beneficiary.

During the probate of estates containing a bequest to the Foundation as administrator for a beneficiary, and during the post-death administration of revocable trusts continuing dispositive provisions benefiting the Foundation or other beneficiary, the Planned Gifts Committee in consultation with legal counsel, shall represent the Foundation in all dealings with the attorney and personal representatives of the estates.

## 10.) Advice.

Representatives of the Foundation shall not engage in offering legal or tax advice to donors or gift prospects. Information on giving arrangements shall be supplied, and donors and prospects shall be encouraged to contact their personal professional advisors. In the event that a representative of the Foundation is selected by a prospective donor to provide personal estate planning services for the donor, the representative shall have the donor sign a letter releasing the Foundation, and/or a separate representation agreement between the donor and the Foundation representative for such services. The Foundation representative shall avoid any conflict of interest in such personal representation.