GIFT ACCEPTANCE POLICY

The Montana State University Alumni Foundation (MSUAF or Foundation) is a not for profit organization under the laws of the State of Montana that is charged with managing Montana State University’s (University) fundraising efforts. The Alumni Foundation solicits and accepts gifts to support MSU, and the following management policies govern the acceptance of these gifts.

The Gift Acceptance Policy is approved by the Alumni Foundation Board of Governors.

1.0 STATEMENT OF PURPOSE

The Foundation offers an array of gift options designed to meet the financial and personal circumstances of donors, with particular focus on inviting significant gifts during a donor’s lifetime or as part of an estate plan.

The gift policies in this document help ensure that:

• Gifts are used consistent with the desire of donors and generate maximum impact within the University;

• Donors, the Foundation, and the University are protected by adherence to all state and federal laws;

• The value of gifts, whether designated or undesignated, is protected.

After the acceptance of a gift in accordance with these policies, the gift shall be processed in accordance with the Foundation’s internal compliance policies applicable to the specific type of gift.

2.0 ALUMNI FOUNDATION MISSION

The mission of the Alumni Foundation is to create lifelong relationships and strengthen our resources to advance Montana State University.

3.0 GENERAL POLICIES

The following general policies apply to the acceptance of all gifts and pledges.

3.1 For a gift, pledge or funding instrument to be accepted it must be: 1) unrestricted; or 2) for a campaign priority or other identified University priority; or 3) reviewed and deemed acceptable by the appropriate University administrator. Gifts that establish a new fund are documented by a gift agreement signed by the donor and the MSUAF President & CEO.

3.2 MSUAF does not accept gifts or pledges that provide little or no financial benefit, risk the assets or reputation of the University or MSUAF, or violate the law.
3.3 MSUAF does not accept gifts or pledges that are inconsistent with the University's education, research, and outreach missions.

3.4 MSUAF does not accept gifts or pledges that are discriminatory based on sex, race, religion, or other impermissible qualities.

3.5 Neither MSUAF nor any MSUAF staff member will serve in the role of personal representative or executor of an estate or trustee of a revocable trust to benefit the Foundation without approval in advance by the Gift Acceptance Committee in consultation with the Foundation Board Chair.

4.0 STAFF AND VOLUNTEER RESPONSIBILITIES

MSUAF staff and volunteers are committed to complying with the Statement of Ethics issued by the Council for Advancement and Support of Education and the Model Standards of Practice for the Charitable Gift Planner issued by the Partnership for Philanthropic Planning. (see Appendix A.)

4.1 In all gift negotiations, MSUAF representatives will reflect the mission and values of the University and the Foundation and conduct themselves in a professional, ethical, and fair manner.

4.2 MSUAF and its volunteer and staff representatives will seek to align the interests of the University and Foundation with the philanthropic and financial goals/situation of prospective donors.

4.3 MSUAF staff will not promote gifts solely on the basis of income, estate, or gift tax benefits nor as investment products.

4.4 Prospective donors will be advised to seek the advice of independent legal, financial and/or tax counsel when planning a gift.

5.0 VALUATION / APPRAISALS

The following general policies apply to the valuation and appraising of all gifts and pledges.

5.1 With certain gifts (such as new equipment), MSUAF may use public price lists, invoices, or similar sources for valuation purposes. Absent a qualified appraisal, MSUAF will acknowledge the receipt of these gifts without stating a dollar value and will record the gift on its books at $1.00.

5.2 Gifts of publicly traded securities will be valued using the average of the high and low price on the date the donor relinquishes control of the security to MSUAF.

5.3 Donors should be made aware of the reasons to secure a qualified appraisal for donated property for which a deduction of more than $5,000 is claimed (IRC Sec. 170(f) (11)).

5.4 MSUAF does not pay or reimburse appraisal fees incurred for the donor’s benefit, except by special exception authorized by the Gift Acceptance Committee.
5.5 If the Gift Acceptance Committee believes the donor's appraisal to be inconsistent with fair market value, they may commission an appraisal or market assessment at MSUAF expense before accepting the gift. In such cases, the appraisal commissioned by MSUAF may not be used by the donor for purposes of supporting an income tax, estate tax, or gift tax deduction.

6.0 AUTHORITY TO ACCEPT GIFTS & PLEDGES: COMMITTEE ROLES & RESPONSIBILITIES

6.1 Gift Acceptance

The Foundation Board of Governors has delegated authority for gift acceptance as outlined in these policies.

A. The Gift Acceptance Committee is an internal committee constituted to review and accept or decline proposed gifts and pledges as set forth in this document. The Committee reviews gift proposals on a timely basis, normally within five (5) working days of submission to the Committee. The Gift Acceptance Committee includes, but is not limited to, the following members:

- President/Chief Executive Officer
- Vice President for Estate, Trust, and Gift Planning, who serves as chair of the Committee
- Vice President of Development
- Vice President of Finance
- Chair of MSUAF Board of Governors’ Budget Committee, or designee
- University Vice President for Administration and Finance

The University Legal Counsel may serve as an advisor to the Committee for gifts that directly impact the operations of the University. The Gift Acceptance Committee shall also receive support from professionals who bring legal, real estate, financial, or other expertise as appropriate. The gifts accepted by the Foundation may be reviewed periodically by the Foundation Board of Governors, its Executive Committee, or its Investment Committee.

B. The Investment Committee of the MSUAF Board of Governors oversees the investment strategy and monitors investment performance for planned gifts managed by the Foundation and determines the acceptable payout rates and investment performance assumptions for new charitable remainder trusts that fall outside of normal 5% to 8% payment rates.

6.2 Review of Policies and Guidelines

The Gift Acceptance Committee will review these policies and guidelines biennially. Policy changes are subject to approval by the Board of Governors.
7.0 GIFTS AND PLEDGES AUTHORIZED BY THE BOARD OF GOVERNORS AS PREAPPROVED

7.1 Cash and Securities

- Outright gifts of cash and cash equivalents such as checks and credit card payments.

- Outright gifts of publicly traded securities and mutual funds. All marketable securities and mutual funds will be sold upon receipt unless otherwise directed by the Gift Acceptance Committee.

7.2 Pledges

Pledges are a commitment to give a specific dollar amount to one or more designated funds within a specific period of time.

A. Pledges are pre-approved for acceptance, subject to the following requirements:

- A written pledge or gift agreement signed by the donor (and the MSUAF President & CEO in the case of a gift agreement);

- A clearly defined payment schedule of five years or less with the date of the first payment included and the frequency of payments;

- The pledge designation must be identified and include the purpose;

- Any contingencies or conditions must be approved in advance by the Gift Acceptance Committee.

B. Changes to pledge agreements must be approved by the Gift Acceptance Committee and must be documented in writing signed by the donor.

7.3 Distributions from Retirement Assets

Testamentary distributions received as beneficiary of a retirement account (such as an IRA, 401(k), or 403(b) account) are pre-approved for acceptance.

7.4 Distributions from a Life Insurance Policy

Proceeds received as beneficiary of a life insurance policy or an annuity policy are pre-approved for acceptance.

7.5 Designated and Undesignated Bequests of Cash and Marketable Securities

Bequests received by MSUAF as a result of being named beneficiary in a will or living trust, or as beneficiary of financial or brokerage accounts, are considered outright gifts and are pre-approved provided the bequest is cash or marketable securities. Distributions of other assets are subject to the approval process set forth in Section 8.0.

- Designated Bequests: MSUAF will honor the donor’s intended designation; however, where it is impossible or impractical to do so MSUAF reserves the right to seek court approval for alternate gift designation.
• Undesignated Bequests: Proceeds of undesignated bequests will be utilized as follows, net of MSUAF gift fees:

  ➢ Undesignated gifts less than $25,000. The gift will be deposited in the President’s Excellence Fund.

  ➢ Undesignated gifts between $25,000 and $50,000. A named endowment will be established at $25,000 with returns to be designated either to fund scholarships or programs closely aligned with the donor’s giving history, alumni record, or other appropriate records. The remainder of the gift will go into the President’s Excellence Fund.

  ➢ Undesignated gifts greater than $50,000. A named endowment will be established at a minimum of $25,000 at the recommendation of the MSUAF Leadership Team. A portion of the remaining gift will be placed into the President’s Excellence Fund. Other appropriate uses may be assigned based on the donor’s giving history, alumni record, or other appropriate priorities.

7.6 **Distributions from Planned Gifts**

Distributions from planned gift agreements not managed by MSUAF are preapproved, provided the distribution is cash or marketable securities. Distributions of other assets are subject to the approval processes set forth in Section 8.0.

• MSUAF will honor the donor’s intended designation; however, where it is impossible or impractical to do so MSUAF reserves the right to seek court approval for alternate gift designation.

• Unless otherwise designated by the planned gift document or executed agreement with the donor, distributions from planned gifts will be made based on the undesignated bequest policy above.

8.0 **GIFTS AND PLEDGES THAT REQUIRE REVIEW AND APPROVAL**

The following gifts and pledges are subject to review and approval by the Gift Acceptance Committee and by other MSUAF Committees as specified.

8.1 **Real and Tangible Personal Property (See Appendix C)**

• Gift Acceptance Committee approval is required for acceptance and disposition of all real property and tangible personal property valued under $1,000,000.

• Gift Acceptance Committee and MSUAF Board of Governors Executive Committee approval are required for acceptance and disposition of gifts of all real property and tangible personal property valued at more than $1,000,000.

• Unless the property’s use relates to the mission of the University and can be used by the University without undue burden, or is approved by the Executive Committee of the Board of Governors to stay in MSUAF’s portfolio as an investment, property will be sold upon receipt.
8.2 **Closely Held Stock**
- Gift Acceptance Committee approval is required for acceptance and disposition of gifts and pledges of non-publicly traded securities valued up to $100,000.
- Gift Acceptance Committee approval and Executive Committee approval are required for acceptance and disposition of gifts and pledges of non-publicly traded securities exceeding $100,000.

8.3 **Bargain Sale**
All bargain sale transactions must be approved by the Gift Acceptance Committee, the Investment Committee and the Executive Committee.

8.4 **Retained Life Estate**
Gift Acceptance Committee approval is required for all retained life estate gifts subject to the following guidelines:
- A written contract must govern the respective responsibilities of all parties to the retained life estate (i.e., MSUAF and the donor);
- The individual(s) with the retained interest in the life estate must agree to bear all costs and liabilities of owning and maintaining the property, including property taxes, insurance, assessments, maintenance, and adequate insurance; exceptions expected to result in expenses to the Foundation in excess of $25,000 per year must be approved by the Executive Committee; and
- No person with an interest in the property shall be able to compel MSUAF to make capital improvements, assume risk, or take other action regarding the property.

MSUAF may also accept a gift of an existing life estate interest subject to the conditions in this document.

8.5 **Charitable Gift Annuity**
MSUAF offers current, deferred, and flexible-deferred gift annuities based on then current rate schedule published by the American Council on Gift Annuities (ACGA). The ACGA rate is the maximum rate that will be offered, although a donor and the Foundation may negotiate a lower rate. MSUAF must be authorized to offer gift annuities in the state in which the donor resides (see Appendix B). All charitable gift annuities must be approved by the Gift Acceptance Committee, subject to the following guidelines:
- The charitable gift annuity, regardless of type, is a minimum of $10,000 (or a minimum of $5,000 for a donor who has previously established a charitable gift annuity with MSUAF);
- The gift annuity will be funded with cash or marketable securities.
- Funding assets other than cash and marketable securities must be approved as described in these gift acceptance policies.
• The minimum age at which the youngest annuitant begins, or can elect to begin, receiving payments is 65. Any exceptions must be approved in advance by the Investment Committee.

• Investment Committee approval is required for an annuity (or cumulative annuities from one donor) that exceeds $1,000,000 or 10% of the total value of the Foundation’s gift annuity pool.

8.6 Charitable Remainder Unitrusts and Charitable Remainder Annuity Trusts

All charitable remainder trusts where MSUAF will serve as trustee must be approved by the Gift Acceptance Committee, subject to the following guidelines:

• The minimum fair market value of the funding asset must be at least $50,000;

• The gift is funded with cash or marketable securities. Other funding assets require approval as described in these gift acceptance policies; The payout percentage or amount is within the range established by the Investment Committee;

• MSUAF is named as irrevocable beneficiary of 51% or more of the trust remainder;

• MSUAF’s net present value remainder interest in the trust is at least 50%, using investment assumptions approved by the Investment Committee; and

• The trust terms, conditions, and funding assets otherwise meets all the conditions and guidelines in this document.

8.7 Charitable Lead Trust

All charitable lead trusts must be approved by the Gift Acceptance Committee, subject to the following guidelines:

• The minimum fair market value of the funding asset must be at least $100,000;

• MSUAF must be the irrevocable beneficiary of greater than 50% of the trust payments, and the net present value of the income interest to MSUAF must be at least $50,000;

• Funding assets other than cash or marketable securities must be approved in accordance with these gift acceptance policies;

• The Foundation shall not serve as Trustee of a charitable lead trust without approval by the Executive Committee.

8.8 Business Interests

The Gift Acceptance Committee and the Investment Committee will review all gifts and pledges of business interests and recommend to the Executive Committee for approval, subject to the following guidelines:

• The donor has provided Articles of Incorporation, Articles of Organization partnership agreements, operating agreements, shareholder agreements, financial statements, tax returns, appraisals, and other documents as requested;
• There is a reasonable expectation that the business interest donated to MSUAF can be readily sold at fair market value or continue to be operated in a profitable manner by MSUAF, using staff or appropriate agents; and

• The gift meets all relevant terms and conditions in this document.

8.9 **Other Intangible Property**

All gifts of other types of intangible property such as patents, trademarks, and similar intellectual property must be approved by the Gift Acceptance Committee. Royalty interests in oil and gas or mineral rights may be accepted, but gifts of operating oil and gas or mineral interests may be accepted only with approval by the Executive Committee.

8.10 **Life Insurance**

Gifts of life insurance policies during the lifetime of the insured must be approved by the Gift Acceptance Committee, subject to the following guidelines:

• The Foundation must receive a signed copy of the life insurance policy from the donor prior to accepting the gift;

• MSUAF must be named as both owner and beneficiary;

• A whole life or universal insurance policy requiring additional premium payments must be maintained through regular donations from the donor until the policy becomes self-supporting;

• If the donor fails to make remaining payments on a policy, the Gift Acceptance Committee may elect to continue paying premiums, surrender the policy for its cash value, or convert it to a paid-up policy at a reduced death benefit.

8.11 Distributions from retirement plans, life insurance policies, bequests and life income agreements, other than cash and marketable securities, are subject to review as described in Section 6.0.

8.12 **Gifts in Kind of Services and Price Discounts**

Gifts of services or price discounts toward projects undertaken by the University may be recognized by MSUAF in donor rolls and donor gift totals. University is responsible for accepting these services or discounts subject to its vetting processes. The appropriate University authority will determine whether or not to accept services and discounts.

Capital construction related in-kind gifts warrant special consideration as they have the potential to provide significant savings to MSU. Conversely, in-kind gifts can introduce project management complexity and should not increase project costs, delay completion, or compromise the quality and ethical standards established by the MSU Campus Planning, Design & Construction Division of University Services.
Acceptance may be made only after thorough examination of the following criteria:

- Property use in light of the Alumni Foundation mission;
- Carrying costs incurred by MSU or the Alumni Foundation if in-kind gift is accepted;
- Cost to purchase goods or services;
- Willingness of donor to gift goods or services in entirety;
- Willingness of donor to sell goods or services at a reduced rate or cost;
- Willingness of donor to provide published specifications and pricing for the proposed goods or services; and
- Where applicable, willingness of donor to participate in public bid process requiring a professional response to a request for bid packet.

9.0 GIFTS NOT ACCEPTED

MSUAF does not offer or accept the following gift instruments except as approved in advance by the Foundation Executive Committee:

- Term Life Insurance Policies
- Management of Donor Advised Funds
- Pooled Income Fund
Appendix A: Code of Conduct and Ethics

MSUAF endorses the following professional standards in addition to MSUAF’s internal Code of Ethics:

- Model Standards of Practice for the Charitable Gift Planner issued by Partnership for Philanthropic Planning. (See [www.pppnet.org](http://www.pppnet.org))

- Statement of Ethics issued by the Council for Advancement and Support of Education. (See [www.case.org](http://www.case.org).)
Appendix B: Charitable Gift Annuities by State

Update with list of states we are authorized to write gift annuities in and states we are not.
Appendix C: Definitions

**Bargain Sale:** A donor who sells real property to MSUAF at less than fair market value establishes an outright gift for the difference between the donor’s sale price and the fair market value of the property.

**Charitable Gift Annuity:** A Charitable Gift Annuity is a contract between MSUAF and the donor, whereby MSUAF agrees to pay the donor (or other person named by the donor) an annual annuity in return for an irrevocable outright gift of cash, marketable securities, or other property. There are several types of these annuities:

- Current Pay Gift Annuity—MSUAF agrees to pay one or two annuitants (usually the donor or donors) a fixed amount each year for life.
- Deferred Pay Gift Annuity—MSUAF agrees to pay one or two annuitants a fixed amount each year for life, with payments starting at least one year after the date of gift.
- Flexible Deferred Pay Gift Annuity—MSUAF agrees to pay one or two annuitants a fixed amount each year for life, with payments starting within a range of dates beginning at least one year after the date of gift. (For example, June 30th of any year from 2008 - 2018.) The range of dates and their corresponding payment amounts must be listed in the agreement.

**Charitable Lead Trust:** A charitable lead trust (CLT) pays a "lead interest" to MSUAF, with the remainder interest given to one or more non-charitable beneficiaries (e.g. the donor or family members). The amount paid to MSUAF may be either a fixed sum (an annuity interest) or a percentage of trust assets as valued each year (a unitrust amount).

**Charitable Remainder Annuity Trust:** A charitable remainder annuity trust ("CRAT") pays a fixed amount for the entire trust term based on the fixed percentage (at least 5%) of the fair market value of the assets on the date the trust was funded. The annuity amount does not change, and no additional gifts can be made after the CRAT is established. The annual payout rate, shall, by law, be at least 5% and can range higher depending on the circumstances, including but not limited to: size of trust, age of donors, and beneficiary income needs. Typically, payout rates will range from 5% to 7%. These rates may change depending on the current and predicted future stock market conditions.

**Charitable Remainder Unitrust:** A charitable remainder unitrust (CRUT) is a separately administered charitable trust established by the donor(s). It provides for payments to the donor(s), or other named beneficiaries, either for life, a term of years (not exceeding 20 years), or a combination of life and a term of years. At the end of the trust term, the remaining assets (remainder) are distributed to MSUAF. Since a CRUT provides an income to the donor(s) based on a fixed percentage of the fair market value of trust assets, valued annually, the payments will vary each year as the value of assets in the CRUT changes. The donor may make additional contributions to the CRUT after it is established. MSUAF offers five types of unitrust:

- The “Standard” Charitable Remainder Unitrust ("SCRUT") which pays a fixed percentage of the value of the trust assets each year, even if it is necessary to invade trust principal to do so.
- The Net-Income Charitable Remainder Unitrust ("NICRUT") which pays the lesser of the fixed percentage or the actual trust income, so trust principal would never be invaded.
• The Net-Income with Make-Up Charitable Remainder Unitrust ("NIMCRUT") is similar to the NICRUT except that earnings in excess of the fixed percentage in any given year can be applied to make up any shortfalls in prior years where the income was less than the fixed percentage. A NIMCRUT's principal would never be invaded.

• The “Flip” Charitable Remainder Unitrust ("Flip CRUT") begins as a NICRUT and then converts (flips) to a standard charitable remainder unitrust (SCRUT) at some point in the future, typically after the gifted asset has been sold and any seller related financing satisfied. This type of unitrust is recommended when the asset used to fund the trust is not readily marketable or income producing.

Retained Life Estate: A donor may make a gift of the remainder interest (that which is left after the donor’s lifetime) in a personal residence or farm while reserving a life estate (the privilege to live in the home for life).

Real and Tangible Personal Property: Real property is defined as land, its natural resources, and any permanent buildings on it. Tangible property assets can include, but are not limited to: personal collections of art, books, coins, movies, cars, boats, aircraft, and animals such as livestock, equipment, software, and printed materials.