UNCW Campaign Counting and Crediting Guidelines

The following policies concerning the valuation of gifts closely follow the CASE Campaign Standards. In regards to valuation of assets transferred to UNCW, UNCW will adhere to current IRS regulations for the protection of our donors. As IRS regulations change, our gift valuation policies may also require modification. It should be noted that prior approval by the Gift Acceptance Committee (“GAC”) is required for the acceptance of all gifts other than (1) cash, (2) publicly traded securities, (3) certain whole life insurance policies, (4) library collections valued at less than $5,000 or donated specifically to a University library, and (5) certain works of art valued at less than $5,000 or donated specifically to the University Museum of Art.

Pledges of Cash

Pledges of cash should be written and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The pledge payment period, regardless of when the pledge is made, should not exceed five years.

Cash/Checks

Cash/checks will be reported at full value as of the date received.

 Marketable (Publicly Traded) Securities

Marketable securities will be counted at the average of the high and low quoted selling prices on the date the donor relinquished dominion and control of the assets in favor of UNCW (or the average of the bid/ask in the case of certain securities). When dominion and control has been relinquished by a donor depends upon the method of delivery of the securities to UNCW. For example, stock electronically transferred in concert with Advancement Services is valued as of the date of transfer. Stock in the name of the donor, which has been mailed to UNCW, is valued as of the latest date of postmark of either the stock certificate or signature guaranteed stock power. Stock directed by the donor to be registered in the name of UNCW on the books of the corporation is valued as of the date such stock is so registered. Stock hand delivered to UNCW by the donor in negotiable form is valued on the date received by UNCW.

Closely Held Stock

Gifts of closely held stock, approved by the GAC and exceeding $10,000 in value, will be reported at the fair market value placed on them by a qualified independent appraiser as required by the IRS for valuing gifts of non-publicly traded stock. Gifts of $10,000 or less may be counted at the value determined by
a qualified independent appraiser (including an independent CPA who maintains the books for a closely held corporation) or at the per-share cash purchase price of the most recent bona fide transaction involving such stock (which must have occurred within the 12 months preceding such gift) or at the price such stock is redeemed during the campaign period.

**Gifts of Property**

Gifts of real and personal property, approved by the GAC, for which donors qualify for a charitable deduction will be counted at their full fair market value as substantiated by a qualified appraisal and/or I.R.S. Form 8283 by the donor. Gifts-in-kind, such as equipment and software, will be counted at their educational discount value, which, for purposes of these standards of reporting, shall be deemed to be fair market value. When no educational discount value can be determined, especially in the case of donated software, a value of 50% of retail will be deemed fair market value and so counted for campaign purposes.

**Irrevocable Life Income Gifts: Charitable Remainder Trusts, Pooled Income Funds, Gift Annuities (Current and Deferred)**

Irrevocable life income gifts to UNCW having a remainder value equal to or greater than 25% according to the I.R.S. tables shall be counted at full market value for campaign purposes.

*Example:* Donor makes a gift of $100,000 to a charitable remainder unitrust. UNCW's remainder interest is calculated under the IRS tables to be $50,000, or 50%. Donor's gift is thus counted for campaign purposes at its fair market value of $100,000.

Current University policies require that there be at least a 25% charitable remainder value in any trust for which UNCW serves as trustee. Those arrangements having a remainder value less than 25% according to the I.R.S. tables will be discounted 20% for each 5% or portion thereof under 25%. Current University policies require that UNCW have at least a 25% minimum remainder value in any trust for which UNCW will serve as trustee. Generally, the lower the value of the remainder interest percentage, the more remote is UNCW's interest.

*Example:* Donor makes a gift of $100,000 to a charitable remainder unitrust. UNCW's remainder interest is calculated under the IRS tables to be $23,000, or 23%. Since UNCW's remainder interest is between 20% and 25%, donor receives campaign credit for $80,000, representing a discount of 20% from the gift's full fair market value. If UNCW's interest was calculated to be worth
$12,000, or 12%, donor would receive campaign credit of $40,000, applying a 60% discount to the full fair value.

Campaign credit will be given for charitable remainder trusts administered outside of UNCW, provided UNCW's interest in such trust is irrevocable and verifiable. With respect to all life income arrangements, whether or not administered by UNCW, campaign credit shall be given only to the extent UNCW's remainder interest is irrevocable.

**Example:** UNCW is presently the sole charitable beneficiary of an otherwise qualifying charitable remainder trust but the donor has given the trustee the right to divert 50% of the principal to other charities. The donor will thus receive campaign credit for only 50% of the full fair market value of the trust. If the trustee can divert only 25%, however, the donor gets credit for 75%.

**Remainder Interests in a Residence or Farm**

A gift of a remainder interest in a residence or farm shall be counted for campaign purposes at full fair market value of the residence or farm. An appropriate discount shall be applied where the remainder value is under 25% according to the I.R.S. tables in accordance with the provisions relating to Irrevocable Life Income Gifts.

**Irrevocable Charitable Lead Trusts**

Campaign credit shall only be given to the extent a charitable lead trust is verifiable and UNCW's interest therein is irrevocable.

A. **Irrevocable Charitable Lead Annuity Trust:** The aggregate amount of the anticipated annuity payments to be received over the first five years of the trust shall be counted at full value. Anticipated annuity payments to be received in year six and beyond shall be counted at their discounted present value.

**Example:** Donor establishes a $1,000,000 CLAT having a seven year term and a 10% payout rate. The annual payments to UNCW will be $100,000, for a total of $700,000 payable over the term of the trust. Donor will receive campaign credit for the first five years of payments -- $500,000 -- at full value. For years six and seven, donor will receive credit equal to the discounted present value of the remaining income stream based on a then current AFR of 7.6%, which is
$124,330. Donor thus receives total campaign credit of $624,330 ($500,000 + $124,330).

B. Irrevocable Charitable Lead Unitrust: The aggregate amount of the anticipated unitrust payments to be received over the first five years of the trust, after applying the AFR for the month the trust was established as an anticipated income return, shall be credited to the campaign at full value. Anticipated annuity payments to be received in year six and beyond shall be credited to the campaign at their discounted present value.

Example: Donor establishes a $1,000,000 CLUT having a seven year term and a 10% payout rate. The growth rate of the trust principal is based on the then current AFR rate, 7.6% for purposes of this example. Based on the above assumptions, the estimated annual payments from the trust over the 5 year period are projected to be: (1) $100,000; (2) $97,600; (3) $95,258; (4) $92,972; and (5) $90,740 -- or a total of $476,570 over the five year period. The discounted present value of the income stream to be received in years 6 and 7 based on the then current AFR is computed as $108,827. Donor thus receives total campaign credit of $585,397 ($476,570 + $108,827).

Realized Bequests and Other Testamentary Distributions

A. Bequests and Revocable Testamentary Gifts: All amounts received by UNCW by bequest or pursuant to other revocable testamentary plans during the campaign shall be credited at the value received, provided that if such amount was previously credited for campaign purposes as an expectancy, only such amount received in excess of the previously credited expectancy amount shall be counted.

B. Amounts received from Life Income Plans: Amounts received from life income plans during the campaign of which UNCW had no prior knowledge shall be counted at the value received. In cases where UNCW receives amounts from life income plans established with UNCW's knowledge during the
campaign, only those amounts in excess of the previously credited amount shall be so counted for campaign purposes.

Testamentary Intentions

Confirmed provisions for UNCW in wills, revocable trusts or other revocable instruments (including, but not limited to, individual retirement accounts, qualified plan and life insurance beneficiary designations), and revocable beneficiary designations of UNCW in otherwise irrevocable charitable remainder trusts by donors age 65 or older shall be counted for campaign purposes at their discounted present value. To be counted, such expectancies must be in the form of a specified amount, or a percentage of the donor's estate or relevant asset pool, as appropriate, based on a credible estimate of the future value of such estate or asset pool at the time the commitment is made. In the case of individual retirement account, qualified plan or other similar arrangement where the pool of assets will be depleted over time by mandatory distributions, the donor's Will must contain a provision to the effect that any shortfall in the anticipated amount passing to UNCW be made up from the donor's estate. For verification purposes, at a minimum, there must be written acknowledgment of the commitment by the donor or the donor's attorney with a copy of the relevant legal provisions. The execution by the donor of a Charitable/Deferred Pledge Agreement would be a preferred method of confirming the donor's commitment. The discounted present value of verifiable expectancies shall be calculated as follows:

A. Specific Dollar Gifts: A gift of a specific dollar amount shall be discounted to its present value after giving consideration to the full range of circumstances preceding UNCW's receipt of the gift. Generally, the present value of the expectancy shall be determined taking into account the testator's life expectancy and applying a discount rate equal to the Applicable Federal Rate ("AFR") for the month the commitment is made.

Example: A 65 year old donor leaves $100,000 to UNCW under his Will. Based on his current life expectancy of 20 years and the then current AFR of 7.6%*, the expectancy has a present value of $23,108, which would be credited for campaign purposes.

B. Percentage Gift: The expected value of the donor's estate or principal pool at the donor's death must first be determined. Once a credible estimate of the future value of the asset pool has been determined, the
amount going to UNCW can be quantified and the discounted present value calculated.

*This rate changes monthly for specific calculations please contact the Director of Advancement Services office.

Example: A 65 year old donor leaves 25% of his estate to UNCW. Donor is the sole owner of a closely held software business currently growing at a 35% annual rate. Donor, whose personal estate is now approximately $5,000,000 anticipates that his estate will appreciate an average 15% annually over his 20 year life expectancy. Applying a 15% growth factor, donor's estate is estimated to be worth $81,832,687, and UNCW's share $20,458,172, at his death. Based on the donor's 20 year life expectancy and the current AFR of 7.6%, the discounted present value of donor's bequest is $4,727,390.

C. Miscellaneous: Considering the many sophisticated estate planning techniques now being employed, it would not be surprising to encounter a situation where a donor has created, under his will, a testamentary charitable remainder trust or charitable lead trust under which UNCW is a beneficiary. Each such situation will require individual scrutiny. Some situations may be properly accorded campaign credit while others may not.

Example: A 75 year old donor directs that $500,000 be paid at his death to a 5% charitable remainder unitrust which will pay income to his 72 year old spouse for her life and then be distributed to UNCW. Based on the donor's life expectancy of 12.5 years and the current AFR of 7.6%, the present value of the amount going to fund the charitable trust is $200,132. Applying the then life expectancy of donor's spouse and the current AFR, UNCW's remainder interest is valued at $150,499 according to the IRS tables.

**Life Insurance**

To count gifts of life insurance, UNCW must be the owner and irrevocable beneficiary of the policies.
A. Paid-up Life Insurance Policies: Paid-up life insurance policies will be counted at the cash surrender value, and reported as a current outright gift.

B. Existing Policies Not Fully Paid Up: A life insurance policy that is not fully paid up on the date of contribution, which is given to UNCW during the period of the campaign, will be counted at the existing cash surrender value and recorded as an outright gift. A pledge of continuing premium payments will be counted at the aggregate of the remaining projected premiums over said five-year pledge period at full value.

C. New Policies: A pledge of premium payments for a new policy over a five-year pledge period will be counted at the aggregate of the projected premiums over said five-year pledge period at full value.

D. Realized Death Benefits: The insurance company's cash settlement amount for an insurance policy whose death benefit is realized during the campaign period, whether the policy is owned by the institution or not, will be counted in campaign totals, provided no gift amounts in connection with said policy (cash value of gifted policy or cash premiums received) were previously counted in campaign totals. To the extent any cash value or premium amounts were previously counted in the campaign period, appropriate adjustments will be made so that only the excess of the settlement amount over the previously counted amounts will be counted.

Wholly Charitable Trusts Administered Outside UNCW

In the case of a wholly charitable trust administered outside of UNCW, the fair market value of the trust assets, or such portion thereof, representing UNCW's irrevocable income interest therein shall be credited as a current gift in the year in which the trust is established. All income from the trust will be treated as endowment income and, thus, will not be counted for campaign purposes.

Non-Government Grants and Contracts

Grant income from private, non-government sources (a.k.a. Private Research Support) will be reported; all contract revenue will be excluded. The difference
between a private grant and contract is judged on the basis of the intention of the awarding agency and the legal obligation incurred by UNCW in accepting the award. A grant, like a gift, is bestowed voluntarily and without expectation of any tangible benefit in return. It is donative in nature. A contract carries an explicit "quid pro quo" relationship between the source and the institution.