

St. Thomas Aquinas Parish/St. John Church & Student Center

Gift Acceptance Policies

October, 2013

I. General Policies

St. Thomas Aquinas Parish/St. John Church & Student Center,¹ (referred to in these Gift Acceptance Policies as “St. Thomas Aquinas Parish/St. John Church & Student Center”) a nonprofit organization organized under the laws of Michigan, encourages the solicitation and acceptance of gifts to St. Thomas Aquinas Parish/St. John Church & Student Center for purposes that will help St. Thomas Aquinas Parish/St. John Church & Student Center to further and fulfill its mission. The following policies and guidelines govern acceptance of gifts made to St. Thomas Aquinas Parish/St. John Church & Student Center.

St. Thomas Aquinas Parish/St. John Church & Student Center reserves the right to decline any financial commitment, gift, pledge, or bequest, as well as the right to determine how a gift will be credited and/or recognized. Furthermore, St. Thomas Aquinas Parish/St. John Church & Student Center may remove a donor’s name from a building, giving society, etc., if the donor’s behavior conflicts with the teachings of the Catholic church.

Unrestricted gifts shall be encouraged, unless (1) the donor indicates that he or she is willing to make a restricted gift only, or (2) the option of a restricted gift will otherwise significantly increase the chances of obtaining a gift from the donor.

In drafting instruments giving restricted gifts to St. Thomas Aquinas Parish/St. John Church & Student Center, donors and their advisors shall be encouraged to use language that would permit application of the gift to a more general purpose if, in the opinion of the Finance Council, the designated purpose is no longer feasible.

All receipts from unrestricted bequests, charitable gift annuities, charitable remainder trusts, life insurance proceeds, retirement accounts, and other planned gifts shall be invested along with the General Fund, unless the Executive Committee of the Finance Council (hereinafter “Executive Committee”) determines that a particular unrestricted gift of the type enumerated in this paragraph should be deposited in a different account.

St. Thomas Aquinas Parish/St. John Church & Student Center will pay no commissions or finder’s fees as consideration for directing a gift to St. Thomas Aquinas Parish/St. John Church & Student Center.

¹ In these Gift Acceptance Policies, “St. Thomas Aquinas Parish/St. John Church & Student Center” encompasses three sites operated by St. Thomas Aquinas Parish/St. John Church & Student Center, i.e., St. Thomas Aquinas Church, St. Thomas Aquinas Parish School, and St. John Church & Student Center, and references to “a gift to St. Thomas Aquinas Parish/St. John Church & Student Center” include a gift to any of the sites.

An appraisal done by St. Thomas Aquinas Parish/St. John Church & Student Center is not a qualified appraisal for the purpose of the federal income tax deduction. Donors are, therefore, responsible for obtaining their own appraisals for tax purposes of real property or tangible or intangible personal property being given to St. Thomas Aquinas Parish/St. John Church & Student Center, and for any fees or other expenses related to such appraisals. St. Thomas Aquinas Parish/St. John Church & Student Center retains the right to obtain its own qualified appraisal of real property or tangible or intangible personal property being offered as a gift, at its own expense.

St. Thomas Aquinas Parish/St. John Church & Student Center will acknowledge receipt of gifts of tangible personal or real property in accordance with IRS requirements, and will sign any IRS forms or other documents necessary for the donor to obtain a tax deduction for such gifts, so long as such acknowledgment does not entail valuing the gift.

Prospective donors shall be responsible for their own legal, accounting, appraisal, transportation, and other fees related to gifts to St. Thomas Aquinas Parish/St. John Church & Student Center.

Prospective donors shall be strongly encouraged in all cases to consult with their own independent legal and/or tax advisors about proposed gifts, including tax and estate planning implications of the gifts. No representative of St. Thomas Aquinas Parish/St. John Church & Student Center shall provide legal or tax advice to any donor or prospective donor.

Upon request, representatives of St. Thomas Aquinas Parish/St. John Church & Student Center may provide to a prospective donor or his or her advisor sample language for restricted and unrestricted gifts, to ensure that gifts are properly designated. St. Thomas Aquinas Parish/St. John Church & Student Center may also provide, upon request, IRS approved sample trust agreements or other sample legal documents for review and consideration by the donor and his or her advisors. The sample or sample nature of such language or agreements shall be clearly indicated on all documents given to donors, and donors shall be advised that consultation with their own legal advisors is essential prior to use of such standard language or sample agreements.

All information about donors and prospective donors, including but not limited to their names, the names of their beneficiaries, the nature and amounts of their gifts, and the sizes of their estates, will be kept strictly confidential by St. Thomas Aquinas Parish/St. John Church & Student Center and its representatives, unless the donor grants permission to release such information. All requests by donors for anonymity will be honored, except to the extent that St. Thomas Aquinas Parish/St. John Church & Student Center is legally required to disclose the identity of donors.

The Pastor or his designee is authorized to enter into gift agreements on behalf of St. Thomas Aquinas Parish/St. John Church & Student Center, and to execute any and all other documents related to gifts to St. Thomas Aquinas Parish/St. John Church & Student Center.

The Gift Acceptance Committee shall consist of the Director of Administration of St. Thomas Aquinas Parish/St. John Church & Student Center and such other members as are appointed by the Pastor of St. Thomas Aquinas Parish/St. John Church & Student Center.

The Gift Acceptance Committee is charged with the responsibility of reviewing proposed gifts to St. Thomas Aquinas Parish/St. John Church & Student Center that are contrary to or not addressed by these gift acceptance policies or that these gift acceptance policies provide are to be reviewed by the Gift Acceptance Committee, properly screening and accepting or declining those gifts, and making recommendations to the Finance Council on gift acceptance issues when appropriate.

All gifts received and pledges confirmed after January 1, 2014, and by the ending date of the campaign will be counted and credited as part of the capital campaign entitled “The 75th Anniversary of St. Thomas Aquinas Parish Capital Campaign (referred to in these Gift Acceptance Policies as “the campaign”).

To be counted or receive recognition, pledges must be in writing in a form approved by the Director of Administration or his designee.

Pledges scheduled for payment in full no later than five years from the date of the pledge will be counted and recognized in full at the time of the pledge.

To be counted or receive recognition, charitable remainder trusts or charitable lead trusts must name St. Thomas Aquinas Parish/St. John Church & Student Center as an irrevocable beneficiary.

To be counted or receive recognition, planned gifts must be evidenced by the following documentation:

- a. Bequests and other revocable planned gifts, such as naming St. Thomas Aquinas Parish/St. John Church & Student Center beneficiary of life insurance or retirement plan assets – a written pledge to make a gift in the amount of the revocable gift to take effect at or before death in a form approved by the Director of Administration or his designee,
- b. Life insurance policies ownership of which is being transferred to St. Thomas Aquinas Parish/St. John Church & Student Center – the original

policy, which will be retained by St. Thomas Aquinas Parish/St. John Church & Student Center.

- c. Other planned gifts – a copy of the trust certificate or other instrument making the gift, and an agreement to provide copies of any amendments to these documents to St. Thomas Aquinas Parish/St. John Church & Student Center within thirty days of the dates on which they are made.

Donors of planned gifts that are not so documented will be eligible for membership in The Heritage Society, St. Thomas Aquinas Parish/St. John Church & Student Center's recognition society for planned gift donors. Such gifts will not be counted or recognized at any monetary amount.

Income earned on gifts and growth in the value of gifts are excluded from counting and recognition.

Gifts that are designated by the donor as campaign gifts but not further restricted will be applied to unfunded campaign objectives in the following order of priority:

1. To satisfy outstanding commitments of St. Thomas Aquinas Parish/St. John Church & Student Center, which may include building and renovation projects in progress, debts, and costs already incurred in connection with the campaign.
2. Investment along with the Fund of St. Thomas Aquinas Parish/St. John Church & Student Center.

Commitments within #1 above will be satisfied in order of greatest need, as determined by the Executive Committee. No gift received before January 1, 2014, may be credited toward a campaign naming opportunity. Government grants will not be included in campaign totals unless they are for campaign objectives. All planned gifts other than income from charitable lead trusts will be counted below the line. Realized bequests and other cash proceeds of planned gifts will be counted above the line.

The address of St. Thomas Aquinas Parish/St. John Church & Student Center for the purpose of delivery to St. Thomas Aquinas Parish/St. John Church & Student Center under these policies is:

St. Thomas Aquinas Parish/St. John Church & Student Center
Director of Administration
955 Alton Road
East Lansing, MI 48823

II. Policies for Specific Types of Gifts

A. Bargain Sales

Description:

A bargain sale generally occurs when property is sold to a charity for less than its fair market value with intent to make a gift. The gift is the difference between the sale price and the fair market value of the gift.

Transferring property subject to a debt to a charity is a bargain sale even if the charity does not agree to assume or pay the debt. Such a donation is deemed to be a bargain sale to the charity for the amount of the debt. The gift is the difference between the property's fair market value and the debt.

Policies:

St. Thomas Aquinas Parish/St. John Church & Student Center will enter into a bargain sale arrangement in instances in which a bargain sale furthers the mission and purposes of St. Thomas Aquinas Parish/St. John Church & Student Center. All bargain sales must be reviewed and recommended by the Gift Acceptance Committee. Factors used in determining the appropriateness of the transaction include:

- a. St. Thomas Aquinas Parish/St. John Church & Student Center must obtain an independent appraisal substantiating the value of the property.
- b. If St. Thomas Aquinas Parish/St. John Church & Student Center assumes debt with the property, the debt ratio must be less than 50% of the appraised fair market value.
- c. St. Thomas Aquinas Parish/St. John Church & Student Center must determine that it will use the property, or that there is a market for sale of the property allowing sale within 12 months of receipt.
- d. St. Thomas Aquinas Parish/St. John Church & Student Center must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

Counting and Recognition:

The donor will receive recognition for the gift portion of a bargain sale, and the gift will be counted at the same amount.

Example:

Mr. and Mrs. Philanthropist offer to give St. Thomas Aquinas Parish/St. John Church & Student Center a house and lot in Shadyside appraised at \$750,000. The property is subject to a \$200,000 mortgage. The Gift Acceptance Committee reviews the offer, discusses it with St. Thomas Aquinas Parish/St. John Church & Student Center' legal counsel, and decides to accept. The gift will be counted at \$550,000, and Mr. and Mrs. Philanthropist will receive recognition for a gift of the same amount.

B. Bequests

Description:

A bequest is a gift to St. Thomas Aquinas Parish/St. John Church & Student Center in a will. A bequest may be a specific amount of money, a percentage of the residue of an estate (what remains after specific bequests have been satisfied), real estate, or personal property. A bequest may be changed at any time prior to death.

Policies:

St. Thomas Aquinas Parish/St. John Church & Student Center will not serve as the personal representative of any estate. Bequests will not be eligible for naming opportunities that involve new construction or renovation, current salaries, or other immediate expenses. The only naming opportunities for which they will be eligible are opportunities that do not involve immediate expenses.

Counting and Recognition:

Individuals who are age 75 or older within five years of the date of the pledge documenting their bequests will receive campaign recognition for bequests at the face value of cash bequests and the fair market value of other bequests as of the date of the pledge documenting the bequest.

Individuals who will be younger than 75 on the date that is five years from the date of the pledge documenting their bequests will receive campaign recognition for the present value of the bequest as calculated by determining the donor's life expectancy, then discounting the bequest amount by that many years. If, however, the bequest is part of an outright commitment or pledge to be paid within five years and at least 50% of the total gift is to be paid outright, then campaign credit and recognition will be as if the donor

were 75 or older by the date that is five years from the date of the pledge documenting his or her bequest.

Bequests that are realized by St. Thomas Aquinas Parish/St. John Church & Student Center will be counted and recognized for the cash received from the estate or, if the bequest is an asset other than cash, the full fair market value of the asset as of the date of death as stated on the estate inventory, minus any amounts from the same bequest previously counted and recognized.

Examples:

- #1 Mr. Donor, who is 85 years old, leaves \$100,000 to St. Thomas Aquinas Parish/St. John Church & Student Center in his will dated December 1, 2004, and executes a pledge on the same date to give St. Thomas Aquinas Parish/St. John Church & Student Center the same amount not later than at his death. Mr. Donor's gift is counted at \$100,000, and he is recognized for a gift of the same amount.
- #2 Same facts as in #1 above, but Mr. Donor is 50 years old. Mr. Donor's gift is counted at \$24,148, the present value of his bequest as calculated by determining his life expectancy, then discounting the bequest amount by that many years, and he is recognized for a gift of the same amount.

C. Charitable Gift Annuities

Description:

In a charitable gift annuity agreement, The Capital Region Community Foundation representing St. Thomas Aquinas Parish/St. John Church & Student Center, in exchange for an irrevocable gift, agrees to make payments for life to the donor or up to two beneficiaries designated by the donor. The payments usually begin immediately, but they may be deferred to a later date. The amount of the payments is based on the ages of the people to receive the payments and the value of the cash or property given to the Capital Region Community Foundation. This amount is fixed in the charitable gift annuity agreement, and does not change throughout the term of the annuity. Cash or publicly traded stock may be used to fund a charitable gift annuity. If the income is to be paid to the donor, capital gains tax on the appreciation in value of any long-term capital asset given to Capital Region Community Foundation in exchange for the annuity is spread out over the life expectancy of the donor, rather than being due immediately. A portion of each payment is tax-free, a portion is taxed as ordinary income, and, if a capital asset is used to fund the annuity, a portion is taxed at capital gains tax rates. The

donor receives an income tax deduction for the amount by which the cash or property transferred to Capital Region Community Foundation exceeds the value of the annuity.

Policies:

Establishment Criteria

- a. The minimum to establish an annuity is \$10,000.
- b. Annuities may be funded with cash or marketable securities.
- c. Annuities may be established for one or two lives using no more than the maximum payout rate recommended by the Council of Gift Annuities.

Limitations

- a. Donors must be at least 55 years of age.
- b. Donors are advised to consult professional counsel for personal legal, financial, and tax advice. The cost is the donor's responsibility. The Foundation assumes professional fees in its own interest.
- c. The maximum (cumulative amount) accepted in annuities from *any one donor* is 25% of the combined total of the unrestricted funds plus the gift annuity pool.
- d. Annuities, in total for all donors, are accepted in an amount not to exceed 100% of the Foundation's unrestricted funds plus the annuity pool.
- e. Annuities are not accepted in any pass-through capacity.

Administration

- a. The President of the Foundation is authorized to accept annuities on behalf of the Foundation up to \$100,000. Amounts in excess of this must be approved by the Finance Committee and ratified by the Board of Trustees.
- b. Annuity assets are pooled and invested with other endowed (permanent) funds of the Foundation.
- c. Annuity payments are made directly by the Foundation to the donor with disbursements made no more than quarterly.
- d. Each annuity fund will be charged \$100/year fee to administrate.
- e. Annuities are not reinsured.

Counting and Recognition: St. Thomas Aquinas Parish/St. John Church & Student Center will count and recognize charitable gift annuities at the amount of the federal income tax deduction received by the donor for the annuity, as determined by IRS regulations. If, however, the charitable gift annuity is part of a commitment or pledge to be paid within five years and at least 50% of the total gift is to be paid outright, then campaign credit and recognition will be for the full amount given to St. Thomas Aquinas Parish/St. John Church & Student Center in exchange for the charitable gift annuity.

Examples:

- #1 Mr. and Mrs. Philanthropy, ages 78 and 72, give stock worth \$100,000 to St. Thomas Aquinas Parish/St. John Church & Student Center to fund a joint and survivor charitable gift annuity. Their federal income tax charitable deduction for the gift, based on the difference between the amount given to St. Thomas Aquinas Parish/St. John Church & Student Center and the cost of a comparable commercial annuity contract, is \$35,978. Their gift will be counted as \$35,978, and they will be recognized for a gift of the same amount.
- #2 Same facts as in #1, except that the charitable gift annuity is part of a total gift of \$300,000, with the remaining \$200,000 to be paid in cash. Their gift will be counted as \$300,000, and they will be recognized for a gift of the same amount.

D. Charitable Lead Trusts

Description:

The charitable lead trust is the mirror image of the charitable remainder trust. In a charitable remainder trust, individual beneficiaries receive the income, and the charity receives the remainder. In a charitable lead trust, charities selected by the person establishing the trust receive income payments for a time period established in the trust, either a period of years or the lives of one or more individuals. At the conclusion of this “income period,” individuals named in the trust agreement, usually the donor or his or her heirs, receive the assets remaining in the trust.

In a charitable lead annuity trust, the annual income payment to the charity is either a fixed dollar amount or a percentage or fraction of the initial fair market value of the trust. In a charitable lead unitrust, the annual income payment to the charity is a percentage of the value of the trust re-calculated at the beginning of each year. A charitable lead trust is

administered by a bank or other fiduciary.

If the terms of the trust provide that any assets remaining in the trust at the conclusion of the income payment period (the remainder) revert to the person establishing the trust (“grantor” charitable lead trust), that person receives an income tax deduction when the trust is established for the discounted value of the charity’s income interest. The income paid to the charity is taxable to the donor, unless it is tax-exempt income. This type of charitable lead trust is used to benefit charities for a specified period of time. It also accelerates the income tax deduction for payments that the donor plans to make anyway.

If, on the other hand, the remainder is distributed to individuals other than the person establishing the trust (“non-grantor” charitable lead trust) the donor is not taxed on the income, but also receives no income tax deduction for the payments to charity during the trust term. This type of charitable lead trust is used mainly as estate planning tool, to freeze the value of assets for the purpose of estate and gift tax. Since gift tax is paid when the trust is established, any growth or appreciation of the assets used to fund the trust between the time when it is established and the time when the assets are distributed to the beneficiaries are not taxed.

Policies:

St. Thomas Aquinas Parish/St. John Church & Student Center will not serve as trustee for charitable lead trusts. Upon request, a list of fiduciaries that provide the necessary trustee services will be made available.

The costs of administration of a charitable lead trust shall be an expense of the trust.

Counting and Recognition:

Income to be received by St. Thomas Aquinas Parish/St. John Church & Student Center during the first five years of the trust will be credited and recognized at its full face value. Income to be received by St. Thomas Aquinas Parish/St. John Church & Student Center during the remaining years of the trust will be counted and recognized at its discounted value. If, however, the naming of St. Thomas Aquinas Parish/St. John Church & Student Center as an irrevocable beneficiary of a charitable lead trust is part of a commitment or pledge to be paid within five years and at least 50% of the total gift is to be paid outright, then campaign credit and recognition will be for the full face value of all of the anticipated trust payments, with no discounting.

Examples:

- #1 Ms. Donor, age seventy, establishes a 7% charitable lead annuity trust on December 6, 2014, funding the trust with \$5 million. The irrevocable income

beneficiaries are St. Thomas Aquinas Parish/St. John Church & Student Center and Ms. Donor's college. Payments are to continue for Ms. Donor's life; when she dies, any assets remaining in the trust are to be distributed to her nieces and nephews in equal shares. Ms. Donor's gift is counted at \$1,760,725, one-half of the anticipated income payments for the first five years of the trust ($\$350,000 \times 5 = \$1,750,000$ divided by 2 = \$875,000) plus one half of the discounted value of the remaining payments over her life expectancy ($\$1,771,450$ divided by 2 = \$885,725), and she is recognized for a gift of the same amount.

- #2 Same facts as in #1, except that, in addition to establishing the charitable lead annuity trust, Ms. Donor's pledges to pay \$3 million in cash to St. Thomas Aquinas Parish/St. John Church & Student Center over the next five years. Mrs. Donor's total gift is credited and recognized at \$5.8 million, i.e., \$3 million for the pledge and \$2.8 million for the full face value of St. Thomas Aquinas Parish/St. John Church & Student Center's income interest in the charitable lead annuity trust (Total income payments from the trust will be \$5,600,000 ($\$350,000$ per year \times 16 years, Ms. Donor's life expectancy). St. Thomas Aquinas Parish/St. John Church & Student Center's interest is one-half of this amount, \$2,800,000.)

E. Charitable Remainder Trusts

Description:

To establish a charitable remainder trust, the donor irrevocably transfers money, securities, or other property to a trustee, usually a bank or other fiduciary, selected by the donor. Once the trust is established, it makes payments for life or a time period not to exceed twenty years to the donor and/or other individuals selected by the donor.

The payments must be made at least annually. The amount of the payments, which is determined when the trust is set up, is either a fixed sum that is not less than five percent of the initial value of the trust (charitable remainder annuity trust), or at least five percent of the net fair market value of the trust determined annually (charitable remainder unitrust). At the conclusion of the payment period, the assets remaining in the trust are distributed to charities designated by the donor in the agreement creating the trust or the most recent amendment to that agreement.

The person establishing a charitable remainder trust receives an income tax deduction for the present value of the anticipated remainder of the trust. Whether the payments to the income beneficiaries are taxed as ordinary income or capital gains or are tax-free depends

on the type of income earned by the trust.

Payments from a charitable remainder trust come from the trust itself. Since administration of a charitable remainder trust is more complex than management of a charitable gift annuity, fiduciaries usually require higher minimum amounts before they will agree to serve as trustee. Charitable remainder trusts offer many opportunities for estate and financial planning for the person with both individual income needs and charitable interests.

Policies:

St. Thomas Aquinas Parish/St. John Church & Student Center will not serve as trustee for charitable remainder trusts. Upon request, a list of fiduciaries that provide the necessary trustee services will be made available.

The costs of administration of a charitable remainder trust shall be an expense of the trust.

If mortgaged property is involved, issues need to be more fully explored to determine whether the property is suitable to fund a charitable remainder trust

Counting and recognition:

If St. Thomas Aquinas Parish/St. John Church & Student Center is named as an irrevocable beneficiary of a charitable remainder trust, the gift will be counted at the present value of St. Thomas Aquinas Parish/St. John Church & Student Center's remainder interest, as determined by IRS regulations governing the federal income tax deduction for the gift. The donor will be recognized for the same amount. If, however, the naming of St. Thomas Aquinas Parish/St. John Church & Student Center as an irrevocable beneficiary of a charitable remainder trust is part of a commitment or pledge to be paid within five years and at least 50% of the total gift is to be paid outright, then campaign credit and recognition will be for the percentage of the remainder going to St. Thomas Aquinas Parish/St. John Church & Student Center multiplied by the initial value of the trust.

Documented additional contributions to a charitable remainder trust will be treated as new gifts, and will be given credit and recognition for the present value of St. Thomas Aquinas Parish/St. John Church & Student Center' remainder interest, as determined by IRS regulations governing the federal income tax deduction for the gift.

Examples:

- #1 On December 4, 2014, Mr. Philanthropy's sixtieth birthday, he establishes a charitable remainder unitrust and funds it with \$3 million. The trust, which is to pay Mr. Philanthropy 5% of the value determined annually, names three irrevocable charitable beneficiaries, St. Thomas Aquinas Parish/St. John Church & Student Center, the hospital at which his daughter was born, and his college. Under the terms of the trust, each of the beneficiaries is to receive a one-third interest in the remainder, after income payments to Mr. Philanthropy for life. The present value of the remainder interest, i.e., the amount of Mr. Philanthropy's federal charitable income tax deduction, is \$1,396,620. Mr. Philanthropy's gift to St. Thomas Aquinas Parish/St. John Church & Student Center is counted at \$465,540 (one-third of \$1,396,620), and he is recognized for a gift of the same amount.
- #2 Same facts as in #1 above but, on the same date, Mr. Philanthropy pledges to pay \$2 million in cash over five years to St. Thomas Aquinas Parish/St. John Church & Student Center. Mr. Philanthropy's total gift will be counted at \$3 million (\$1 million for the full value of St. Thomas Aquinas Parish/St. John Church & Student Center' interest in the charitable remainder trust, plus the \$2 million pledge), and he will be recognized for a gift of the same amount.
- #3 Same facts as in #1 above, but, on December 6, 2014, Mr. Philanthropy contributes an additional \$300,000 to the charitable remainder trust. Mr. Philanthropy's additional gift to St. Thomas Aquinas Parish/St. John Church & Student Center is counted at \$49,344 (one-third of the \$148,032 federal charitable income tax deduction for the additional gift), and he is recognized for a gift of the same amount.²

F. Life Insurance

Description:

There are two ways to make a gift of life insurance to St. Thomas Aquinas Parish/St. John Church & Student Center: (1) by naming St. Thomas Aquinas Parish/St. John Church & Student Center as the beneficiary of a life insurance policy, or (2) by transferring ownership of a life insurance policy to St. Thomas Aquinas Parish/St. John Church & Student Center, i.e., naming St. Thomas Aquinas Parish/St. John Church &

² For this example, the IRS discount rate of 4.4% was used. This is for purposes of illustration, and the actual discount rate two years from now may be different, thus changing the figures.

Student Center as the owner and beneficiary. The beneficiary or ownership of a life insurance policy must be changed through the company that issued the policy.

Policies:

St. Thomas Aquinas Parish/St. John Church & Student Center shall not be responsible for payment of any premiums for life insurance policies that are not transferred to St. Thomas Aquinas Parish/St. John Church & Student Center.

St. Thomas Aquinas Parish/St. John Church & Student Center may agree to accept ownership of a policy that is not paid up. If the donor contributes future premium payments on such a policy, St. Thomas Aquinas Parish/St. John Church & Student Center will count the entire amount of the additional premium payment as a gift of cash in the year in which it is made. If the donor does not elect to continue to make gifts to cover premium payments on the life insurance policy, St. Thomas Aquinas Parish/St. John Church & Student Center may:

- a. continue to pay the premiums,
- b. convert the policy to reduced paid up insurance, or
- c. surrender the policy for its current cash value.

St. Thomas Aquinas Parish/St. John Church & Student Center will not accept outright gifts from donors for the purpose of having St. Thomas Aquinas Parish/St. John Church & Student Center purchase new insurance policies on their lives.

Under no circumstances shall St. Thomas Aquinas Parish/St. John Church & Student Center or any of its employees or agents acting on behalf of St. Thomas Aquinas Parish/St. John Church & Student Center engage in the sale of life insurance, or accept sales or marketing fees or commissions thereon.

St. Thomas Aquinas Parish/St. John Church & Student Center will not endorse any particular insurance company, agent or product.

In no event shall lists of donors or prospective donors be furnished to anyone for the purpose of marketing insurance.

Gifts of life insurance naming St. Thomas Aquinas Parish/St. John Church & Student Center as a beneficiary but not transferring the policy to St. Thomas Aquinas Parish/St. John Church & Student Center will not be eligible for naming opportunities that involve new construction or renovation, current salaries, or other immediate expenses. The only naming opportunities for which they will be eligible are opportunities that do not involve

immediate expenses.

Life insurance policies transferred to St. Thomas Aquinas Parish/St. John Church & Student Center will be eligible for naming opportunities for the amount of the interpolated terminal reserve value or the cash surrender value of the policy, whichever is less.

Counting and Recognition:

If St. Thomas Aquinas Parish/St. John Church & Student Center is named as a beneficiary of a life insurance policy that is not transferred to St. Thomas Aquinas Parish/St. John Church & Student Center, the gift will be counted and recognized as if it were a bequest in the amount of the portion of the face value of the policy going to St. Thomas Aquinas Parish/St. John Church & Student Center. Life insurance proceeds of such policies paid to St. Thomas Aquinas Parish/St. John Church & Student Center will be counted and recognized as if they were realized bequests.

If St. Thomas Aquinas Parish/St. John Church & Student Center is named as both beneficiary and irrevocable owner of an insurance policy, the gift is counted and recognized at its interpolated terminal reserve value or its cash surrender value, whichever is less, on the date of the gift.

Example:

Mr. Philanthropist transfers ownership of a paid-up policy with a face value payable at death of \$1,000,000 to St. Thomas Aquinas Parish/St. John Church & Student Center. St. Thomas Aquinas Parish/St. John Church & Student Center is the owner and beneficiary of the policy; Mr. Philanthropist is the insured. The interpolated terminal reserve or cash surrender value of the policy is \$100,000. The gift is counted at \$100,000, and he is recognized for a gift of the same amount.

G. Real Estate

Description:

Gifts of real estate may take the form of an outright gift of the property or a gift subject to the right of the donor or another person designated by the donor to use the property for a term of years or for life. A charitable income tax deduction is allowed for a transfer to

St. Thomas Aquinas Parish/St. John Church & Student Center of a remainder interest (that is, a gift of the real estate at the end of the donor's life) in a personal residence (including a vacation home) or farm.

Policies:

Prior to acceptance of a gift of real property, the gift shall be approved by the Gift Acceptance Committee of St. Thomas Aquinas Parish/St. John Church & Student Center's legal counsel. Criteria for acceptance of the property shall include:

- a. Is the property useful for the purposes of St. Thomas Aquinas Parish/St. John Church & Student Center?
- b. Is the property marketable?
- c. Are there any restrictions, reservations, easements, or other limitations associated with the property?
- d. Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- e. Does an environmental audit reflect that the property is not damaged?

St. Thomas Aquinas Parish/St. John Church & Student Center shall not accept gifts of real property with restrictions upon the ultimate sale of the property.

A prospective donor of real property shall provide St. Thomas Aquinas Parish/St. John Church & Student Center with any documentation or information about the property requested by St. Thomas Aquinas Parish/St. John Church & Student Center, and, upon request, shall give St. Thomas Aquinas Parish/St. John Church & Student Center, its agents or representatives full access to the property for the purpose of inspecting or surveying the property, or conducting environmental tests.

If real estate is transferred to St. Thomas Aquinas Parish/St. John Church & Student Center and the donor or a person designated by the donor retains a right to use the property for life or a term of years, the donor shall agree in writing to continue to be responsible for real estate taxes, insurance, utilities, and maintenance of the property until the conclusion of the life estate or term of years.

A gift of a remainder interest in real estate will not be eligible for naming opportunities that involve new construction or renovation, current salaries, or other immediate expenses. The only naming opportunities for which they will be eligible are opportunities that do not involve immediate expenses.

Real estate given outright to St. Thomas Aquinas Parish/St. John Church & Student Center will be eligible for naming opportunities for the proceeds received by St. Thomas

Aquinas Parish/St. John Church & Student Center upon sale of the property or, if St. Thomas Aquinas Parish/St. John Church & Student Center decides to keep the property, its fair market value as of the date of the gift as determined by an independent appraisal.

Counting and Recognition:

St. Thomas Aquinas Parish/St. John Church & Student Center will count real estate transferred outright to St. Thomas Aquinas Parish/St. John Church & Student Center at the proceeds received by St. Thomas Aquinas Parish/St. John Church & Student Center upon sale of the property or, if St. Thomas Aquinas Parish/St. John Church & Student Center cannot sell the property or decides not to sell it, its fair market value on the date of the gift as determined by an independent appraisal. The donor will be recognized for the fair market value of the property, as determined by qualified, independent appraisal, on the date of the gift.

Example:

Mrs. Donor gives her vacation home in Naples, Florida, appraised at \$2 million, to St. Thomas Aquinas Parish/St. John Church & Student Center. Two months later, St. Thomas Aquinas Parish/St. John Church & Student Center sells the home for \$1.5 million. Mrs. Donor's gift is counted as \$1.5 million, but she is recognized for a gift of \$2 million.

St. Thomas Aquinas Parish/St. John Church & Student Center will count and recognize gifts of real estate in which the donor retains a life estate for a term of years or for life at the value of the remainder interest transferred to St. Thomas Aquinas Parish/St. John Church & Student Center, as determined by IRS regulations governing the charitable income tax deduction for the gift. If, however, the gift of the remainder interest is part of a commitment or pledge to be paid within five years and at least 50% of the total gift is to be paid outright, then credit and recognition will be for the full value of the real estate.

Examples:

- #1 Mrs. Donor, age 65, gives a remainder interest in her vacation condominium in Naples, Florida, appraised at \$2 million, to St. Thomas Aquinas Parish/St. John Church & Student Center, retaining the right to use the property for her life. The

deduction for the remainder interest permitted under IRS regulations is \$787,280.³ Mrs. Donor's gift is counted as \$787,280, and she is recognized for the same amount.

- #2 Same facts as in #1 above, but, on the same day, Mrs. Donor also pledges \$2.5 million in cash to St. Thomas Aquinas Parish/St. John Church & Student Center, to be paid over the next five years. Mrs. Donor's total gift is credited and recognized at \$4.5 million, \$2 million for the real estate gift and \$2.5 million for the pledge.

H. Retirement Assets

Description:

When assets remaining in an IRA, 401(k) plan, or other qualified retirement plan at the death of the holder are distributed to individual plan beneficiaries, they are subject to income tax in addition to estate and inheritance taxes. For this reason, retirement plan assets make excellent estate gifts to St. Thomas Aquinas Parish/St. John Church & Student Center.

Counting and Recognition:

If St. Thomas Aquinas Parish/St. John Church & Student Center is named as a beneficiary of an IRA, 401(k), or other retirement plan, the gift will be counted and recognized as if it were a bequest in the amount of the portion of the value of the plan as of the date of the gift going to St. Thomas Aquinas Parish/St. John Church & Student Center. Amounts paid to St. Thomas Aquinas Parish/St. John Church & Student Center at the death of the holder will be counted and recognized as if they were realized bequests.

I. Securities

Description:

Publicly traded securities, including but not limited to those traded on the New York or

³ For this example, the salvage value of the property was presumed to be \$400,000, and the useful life was presumed to be 45 years. The IRS discount rate used was 4.2%, and, since the real estate is a condominium, no land is involved. If any of these facts change, the resulting income tax deduction will change.

American Stock Exchanges or NASDAQ, may be given to St. Thomas Aquinas Parish/St. John Church & Student Center by transferring them to a St. Thomas Aquinas Parish/St. John Church & Student Center account maintained at a brokerage firm or by delivering them physically to St. Thomas Aquinas Parish/St. John Church & Student Center with the transferor's signed stock power, or by mailing the certificates and signed stock power to St. Thomas Aquinas Parish/St. John Church & Student Center. If certificates and a signed stock power are mailed to St. Thomas Aquinas Parish/St. John Church & Student Center, they should be mailed in separate envelopes, since anyone who has the certificate and signed stock power can transfer the stock.

The date of a gift of stock transferred by delivery of stock certificates and accompanying signed stock powers is the date on which the documents are hand-delivered to St. Thomas Aquinas Parish/St. John Church & Student Center, or, if they are mailed to St. Thomas Aquinas Parish/St. John Church & Student Center, the date of mailing. The date of a gift of stock held in a brokerage account is the date on which the stock is transferred to St. Thomas Aquinas Parish/St. John Church & Student Center's brokerage account. The fair market value of a publicly traded stock is the average of the highest and lowest selling prices quoted for the stock on the date of the gift.

A **mutual fund** is a company that invests in securities on behalf of its shareholders. The fair market value of a share in a mutual fund is the public redemption price of a share quoted by the mutual fund on the date of the gift, which is the date on which the shares reach St. Thomas Aquinas Parish/St. John Church & Student Center's account. If there is no public redemption price quoted by the company for the applicable valuation date (e.g., the valuation date falls on a weekend or holiday), the fair market value of the mutual fund share is the last public redemption price quoted by the company for the first day preceding the applicable valuation date for which there is a quotation. Due to the paperwork involved, mutual fund share transfers may take a few weeks to complete.

Closely held securities, including debt and equity positions in non-publicly traded companies and interests in limited liability partnerships and limited liability companies or other ownership forms, may be accepted subject to the approval of the Gift Acceptance Committee of St. Thomas Aquinas Parish/St. John Church & Student Center.

Ownership of **U.S. savings bonds** may not be transferred directly to St. Thomas Aquinas Parish/St. John Church & Student Center, because government regulations preclude ownership of savings bonds by a charity. Savings bonds are not attractive gifts during the holder's lifetime, because redemption of the bonds triggers income tax on the accrued income earned by the bond. Savings bonds do, however, make excellent estate gifts to St. Thomas Aquinas Parish/St. John Church & Student Center, because, as a charity, St.

Thomas Aquinas Parish/St. John Church & Student Center is exempt from income and estate taxes. To preserve this tax advantage, a bequest of U.S. savings bonds to St. Thomas Aquinas Parish/St. John Church & Student Center should direct the executor to transfer the bonds in-kind, rather than redeeming them then transferring the proceeds to St. Thomas Aquinas Parish/St. John Church & Student Center. A bequest of U.S. savings bonds to St. Thomas Aquinas Parish/St. John Church & Student Center will be counted and recognized as if it were a bequest in the amount of the face value of the bonds. Proceeds from the redemption of U.S. savings bonds bequeathed to St. Thomas Aquinas Parish/St. John Church & Student Center will be counted and recognized as a realized bequest.

Policies:

St. Thomas Aquinas Parish/St. John Church & Student Center should be notified prior to every transfer of securities, to ensure that we accurately identify, allocate, and acknowledge the gift.

It shall be the policy of St. Thomas Aquinas Parish/St. John Church & Student Center to sell all securities as soon after receipt as possible.

The final determination on the acceptance of marketable securities restricted by applicable securities laws shall be made by the Gift Acceptance Committee of St. Thomas Aquinas Parish/St. John Church & Student Center.

Offers of gifts of closely held stock must be reviewed prior to acceptance to determine that:

- a. there are no restrictions on the security that would prevent St. Thomas Aquinas Parish/St. John Church & Student Center from ultimately converting it to cash,
- b. the security is marketable, and
- c. the security will not generate any undesirable tax consequences for St. Thomas Aquinas Parish/St. John Church & Student Center.

If potential problems arise on initial review of a proposed gift of closely held stock, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The final determination on the acceptance of closely held securities shall be made by the Gift Acceptance Committee of St. Thomas Aquinas Parish/St. John Church & Student Center and legal counsel when necessary.

All gifts of closely held stock must be valued by a qualified appraiser, at the donor's expense, prior to transfer to St. Thomas Aquinas Parish/St. John Church & Student Center. If accepted, such gifts will be counted and recognized at the appraised value.

Counting and Recognition:

Gifts of publicly traded securities, including mutual fund shares, will be counted and recognized at their fair market value. Gifts of closely held stock accepted by St. Thomas Aquinas Parish/St. John Church & Student Center will be counted and recognized at their appraised value.

Example:

On December 30, 2014, Ms. Donor directs her broker to transfer 100 shares of XYZ Company, a publicly held company, from her brokerage account to that of St. Thomas Aquinas Parish/St. John Church & Student Center. The shares do not reach the brokerage account of St. Thomas Aquinas Parish/St. John Church & Student Center until January 3, 2015. The date of the gift is January 3, 2015. The highest quote for the shares on January 3 is \$100.25, and the lowest quote on that date is \$99.75 per share. The average of the high and low quoted price is \$100 per share. Ms. Donor is credited with a gift of \$100,000 (100 shares x \$100 per share).

J. Tangible Personal Property

Description:

Tangible personal property includes works of art and objects suitable for the parish's collections, as well as other objects that may be used to further the mission and purposes of St. Thomas Aquinas Parish/St. John Church & Student Center.

Policies:

All proposed gifts of tangible personal property shall be examined in light of the following criteria:

- a. Does the property fulfill the mission of St. Thomas Aquinas Parish/St. John Church & Student Center?
- b. Is the property marketable?
- c. Are there any undue restrictions on the use, display, or sale of the property?
- d. Is the property suitable for the collections of St. Thomas Aquinas

- Parish/St. John Church & Student Center?
- e. Are there any carrying costs (storage, insurance, etc.) for the property?

The final determination on the acceptance of tangible property gifts other than those offered for the collections shall be made by the Gift Acceptance Committee of St. Thomas Aquinas Parish/St. John Church & Student Center.

All gifts of tangible personal property with an estimated value of \$5,000 or more must be appraised by a qualified appraiser, at the donor's expense, prior to transfer to St. Thomas Aquinas Parish/St. John Church & Student Center. The value of gifts with an estimated value of less than \$5,000 will be the value agreed upon by the donor and St. Thomas Aquinas Parish/St. John Church & Student Center.

Gifts of tangible personal property will be recorded below the line on a gifts-in-kind line.

Counting and recognition:

Gifts of tangible personal property will be counted and recognized at their appraised value.

An undivided fractional interest in an artwork or other object being given to St. Thomas Aquinas Parish/St. John Church & Student Center for museum collections will be counted and recognized at the total appraised value of the object multiplied by the percentage that is being given to St. Thomas Aquinas Parish/St. John Church & Student Center.

Example:

Mr. and Mrs. Collector give a religious painting appraised at \$500,000. They are credited with a gift-in-kind valued at \$500,000, and recognized for a gift in the same amount.