

TITLE	Acceptance of Deferred Gifts		
NUMBER	NH-Div-FDN-LD-1100	Last Revised/Reviewed Effective Date:	Mar16
TJC FUNCTIONS	LD-AD		
APPLIES TO	Novant Health		
DIVISION/DEPT	Foundation		

I. SCOPE / PURPOSE

The mission of the Novant Health foundations (a “Foundation”) is to raise awareness and funding to enhance the ability of Novant Health to deliver remarkable medicine and compassionate care. The Foundations are recognized by the federal government as tax exempt organizations under Sec. 501(c)(3) of the Internal Revenue Code.

II. POLICY

This policy governs the acceptance of deferred gifts by the Foundations and applies to all deferred gifts received by the Foundations for any programs or services. This policy does not apply to acceptance of current gifts, which is addressed in the Acceptance of Gifts Policy.

III. QUALIFIED PERSONNEL

N/A

IV. EQUIPMENT

N/A

V. PROCEDURE

The procedure serves as a guideline to assist personnel in accomplishing the goals of the policy. While following these procedural guidelines personnel are expected to exercise judgment within their scope of practice and/or job responsibilities.

A. GIFT SOLICITATION

1. Deferred Gifts. A deferred gift is a present decision to make a future gift, evidenced by a legal contract, which is intended as a donation and given voluntarily without expectation of payment in return. The purpose(s) of a gift must fall within the purpose and mission of the Foundation.
2. Solicitation. Only the Board of Directors of a Foundation and its delegated representatives (Foundation staff and volunteers) are authorized to solicit gifts in the name of the Foundation in order to assure a consistent approach and prevent duplication. However, the Foundations also seek the support of

hospital administrators and staff, physicians, nurses and community leaders as partners in soliciting gifts and requests. All efforts should be coordinated through a Foundation to maximize results from the entire team.

3. Types of Deferred Gifts. The Foundation may receive deferred gifts in the following forms*:

- General bequests of money or securities
- Specific bequests of property
- Residuary estate
- Charitable remainder annuity trust**
- Charitable remainder unitrust**
- Charitable lead trust**
- Charitable gift annuity
- Life estate in real property
- Life Insurance policy
- Retirement plans

* This list is not intended to be a complete list of the types of deferred gifts the Foundation will accept, but rather a list of types of deferred gifts the Foundation may accept if it deems the gift appropriate.

** A Foundation may not be named as a trustee to any trust, unless an exception is approved by the SVP of Foundations and Community Relations.

4. Recognition of Donors/Confidentiality. The Foundation recognizes the paramount role of donors and their gifts to the Foundation in achieving its charitable purposes. Foundation staff will recognize and acknowledge donors in appropriate ways both publicly and privately. If a donor prefers to remain anonymous, all information regarding a donor or prospective donor shall be held in strict confidence by the Foundation, subject to legally authorized and enforceable requests for information by governmental agencies and courts.

5. Donor Advice. In no event will Foundation staff provide legal, accounting, tax or other advice to prospective donors. Foundation staff shall urge prospective donors to seek the assistance of independent, personal legal and financial advisors in matters relating to their gift and the resulting tax and estate planning consequences.

B. AUTHORITY TO REVIEW AND ACCEPT GIFTS

1. Board Review and Approval. A Foundation's Board has gift acceptance authority for specific gifts, which may be delegated to a committee, and responsibility to oversee adherence to this policy. All deferred gifts require recommendation by the SVP of Foundations and Community Relations and approval of the Board. Staff will give the Board all pertinent details of the proposed gift, remind the Board of the requirements set forth in this policy, and provide to the Board any additional research necessary to aid in its consideration.

In rare instances, a decision regarding acceptance of a deferred gift must be

made immediately (e.g. a gift on December 31). In such cases, the SVP of Foundations and Community Relations should contact the Board Chair. Any decision to accept should be reported to the Board.

2. Appropriateness of Gift. All gifts should be carefully scrutinized and determined to be appropriate before acceptance, in accordance with the applicable provisions of this policy and the Gift Acceptance Policy, Appendix B and Appendix C, regarding gifts of real estate and personal property, respectively.
3. Non-acceptance of a Gift. If a gift cannot be accepted, Staff will immediately notify the donor with regret and fully explain any reasons for such action.

C. TYPES OF DEFERRED GIFTS

1. Bequests
 - a. Gifts through wills (bequests) shall be actively encouraged by the Foundation. These can include general bequests, specific requests or residuary estates.
 - b. In the event of an inquiry by a prospective donor, representations as to the future acceptability of property proposed to be given to the Foundation by Will, Trust or other deferred gift shall only be made in accordance with the terms and provisions of this Section concerning deferred gifts.
 - c. A gift from the estate of a deceased donor, from a deceased donor's trust or through a beneficiary deed shall be subject to the same review as it would have been if offered by the donor during the donor's lifetime, including specifically, Board approval.
 - d. Because there are statutory deadlines within which a gift from an estate must be accepted or declined, the Board shall be promptly informed of such gifts and shall expeditiously communicate the Foundation's decision to the personal representative of the estate. A special notice will be filed in all probate cases.
 - e. If the personal representative of the estate or any family member of the deceased donor is dissatisfied with the decision of the Board, this fact shall be communicated to the Foundation as quickly as possible for possible reconsideration in the light of facts or circumstances not originally known to the Board.
 - f. Attempts shall be made to discover bequest expectancies wherever possible in order to reveal situations that might lead to unpleasant donor relations in the future. Where possible, intended bequests of property other than cash or marketable securities should be brought to the attention of the Board and every attempt shall be made to encourage the donor to conform his or her plans to this Policy.
2. Charitable Remainder Trusts
 - a. Charitable remainder trusts are complex vehicles by which assets may benefit the donor and other natural persons during their lifetimes and, upon their deaths, the remainder is paid to one or more public charities such as the Foundation. There are many specific requirements of the

- IRS if a charitable remainder trust is to be accorded favorable tax treatment.
- b. In general, the Foundation will not serve as trustee of a charitable remainder trust for the benefit of the Foundation or its charities. This policy may only be waived by prior written recommendations of the SVP of Foundations, and the approval of the Board.
 - c. Fees for management of a charitable remainder trust will be paid by the trust assets upon approval of the Board.
 - d. No representations shall be made by any employee or other persons acting on behalf of the Foundation as to the manner in which the assets of a charitable remainder trust will be managed or invested by a corporate fiduciary who may be recommended by the Foundation. In appropriate circumstances, the Foundation may facilitate the distribution of information prepared by the corporate fiduciary, in which cases the Foundation shall state clearly that any representations are made by the fiduciary and not by the Foundation, its officers or employees.
 - e. Charitable remainder trusts and all other deferred gifts shall be encouraged as a method of making gifts to the Foundation whereby a donor may retain income needed by the donor for personal purposes or the income is retained for someone other than the donor. Such trusts shall not be marketed as tax avoidance devices or as investment vehicles. Such activity may violate state and federal tax and securities regulations.
3. Charitable Lead Trusts
- a. The charitable lead trust is the opposite of a charitable remainder trust or pooled income fund, in that the income from the charitable lead trust is first paid to the designated charity, such as the Foundation, for a stipulated period of time and, after that period expires, the principal of trust are returned to the donor or to a beneficiary named by the donor.
 - b. This type of trust is often quite advantageous to individuals who are currently in a relatively high income tax bracket but expect to be in a lower income tax bracket in the future, such as at retirement, and wish to have the use of the assets at that time. The charitable lead trust is an efficient way of passing assets to a future generation while making a significant contribution to the Foundation.
4. Gift Annuities
- a. No Gift Annuity shall be accepted which names an income beneficiary under sixty-five (65) years of age without approval of the Board.
 - b. The minimum contribution for a Gift Annuity shall be One Hundred Thousand Dollars (\$100,000).
 - c. The Foundation will provide prospective donors with a full Qualified (Crescendo, Philanthropic, Gift Calc) illustration and the Disclosure Statement which is required by the Philanthropy Protection Act of 1995.
5. Life Estate Gifts
- a. A Donor's personal residence, vacation home or farm may be given to the Foundation with the right of lifetime use reserved to the donor. Such

a gift can result in the donor obtaining a current income tax deduction for the actuarial value of the remainder interest without disturbing the living arrangements. If the gift involves a residence, it must be a personal residence of the donor but need not be the principal residence; thus, the donor may use a vacation home to make the gift.

- b. Such gifts may be accepted only upon the recommendation of the Board and generally will be limited to situations in which the gifted assets are a portion of the donor's wealth, the Board is satisfied that there has been full disclosure to the donor of the possible future ramifications of the transaction, and there is a written agreement concerning the sharing of future costs relating to the property.
6. Gifts of Life Insurance
- a. In appropriate circumstances, the Foundation will encourage donors to name the Foundation to receive all or portions of the benefits of life insurance policies the donors have purchased on their own lives.
 - b. In appropriate circumstances, where permitted by law and with the Board's recommendation, the Foundation will accept gifts of "paid up" life insurance policies whereby it will become the owner and beneficiary of the policies.
 - c. The Foundation will not purchase life insurance on a donor's life.
 - d. No insurance products may be endorsed for use in funding gifts to the Foundation.
 - e. In no event shall lists of the Foundation's donors be furnished to anyone for the purpose of marketing insurance for the benefit of donors or the Foundation. This is based on the perception that this practice presents a possible conflict of interest and may cause donor relations problems.
7. Retirement Plans. The principal advantage of donating retirement plan assets to the Foundation is that the donor avoids all income and estate taxes. The donor may instruct the institution that handles the retirement accounts to designate the Foundation as the beneficiary of the retirement plan. Retirement plans may also be used to fund charitable remainder trusts.

D. EXCEPTIONS

Any exceptions made to these policies, including the various thresholds for deferred gifts, must be reviewed by the Board, which will have final approval. Such exceptions shall be based upon sound reasons such as the age of the donor(s), the amount of the gift and the likelihood of additional gifts by the donor(s).

E. FINDERS' FEES AND COMMISSIONS

Generally, the Foundation will not pay a finder's fee or commission to any person as consideration for directing a gift to the Foundation. Such fees may not be legal and, in some cases, the payment of such fees may subject the Foundation to federal and state securities regulation and undesirable tax consequences.

VI. DOCUMENTATION

N/A

VII. DEFINITIONS

N/A

VIII. RELATED DOCUMENTS

N/A

IX. REFERENCES

N/A

X. SUBMITTED BY

Kim Henderson, SVP Foundations and Community Relations

XI. KEY WORDS

Deferred gifts, foundations

XII. INITIAL EFFECTIVE DATE	March 2016
DATES REVISIONS EFFECTIVE	
DATES REVIEWED (No changes)	
Date Due for Next Review	March 2019

SIGNATURE SHEET

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TJC FUNCTIONS	LD-AD
APPLIES TO	Novant Health
DIVISION/DEPT	Foundation
ACTION	Initial

APPROVED BY:

Title	Approved By	Signature	Date
SVP of Foundations and Community Relations	Kim Henderson		See electronic approval

COMMITTEES APPROVED BY:

Committee	Chairperson/Designee	Date