Life Income Agreement Policy

The Boise State University Foundation, Inc. (“Foundation”) accepts and manages approved life income agreements (Charitable Remainder Trusts [CRTs] and Charitable Gift Annuities [CGAs]).

Life Income Agreements:

1. **Administration**: All assets received from life income agreements are used to fulfill the terms and conditions of the agreement. Funds received for CRTs or CGAs can either be administered by the Foundation or an outside fiduciary. Separate (year end) tax reporting and accounting as applicable is provided to the donor on each life income agreement.

2. **Payments**: In order to control the cost of CRT and CGA administration, the Foundation will make payments no more than quarterly.

3. **Disclosure**: University Advancement staff (specifically, the Executive Director for Planned Giving) are responsible for providing the donor with all mandatory disclosure statements regarding planned giving agreements prior to closure. The objective is to insure that the prospective donor understands the nature of the planned gift. When required, agreements should have specific language showing compliance with state regulations.

4. **Use of Legal Counsel**: For all CRTs and CGAs outside the state of Idaho, the Foundation shall seek the advice of legal counsel in all matters, including the laws in the donor's state of residence, and shall execute no agreement, contract, trust or other legal document with any donor without the advice of legal counsel.

   Further, all prospective donors shall be advised, and in all cases urged, to seek the counsel of their attorney and/or their financial advisor in any and all aspects of a proposed life income agreement.

5. **Compliance**: It is the responsibility of the Foundation to comply with all applicable Federal and State laws governing life income agreements.

6. **Accounting, Tax Preparation, and Donor Reports**: It is the responsibility of the Foundation to account for life income agreement transactions; file required Federal and State tax reports; and provide informational tax forms and financial reports to the donor in a timely manner.

7. **Fees**: The Foundation may assess fees according to its Fee Policy.

   For CRTs, the prospective donor will be made aware of any fees in the appropriate disclosure statement presented to the donor by University Advancement staff. Management fees charged by investment managers will be charged against the income of the CRT portfolio.

8. **Investment of Assets from Life Income Agreements**: Assets from life income agreements will be invested according to the Foundation's Investment Policy Statement. In the cases of CRTs, University Advancement staff shall communicate the proposed investment strategy to the donor(s).

9. **Approvals**: All life income agreements shall require the signature of the Foundation's Executive Director and/or officer(s) of the Foundation. Proposed agreements that deviate from this policy (i.e., negotiated payout rate, etc.) require the approval of the Development Committee and Investment Committee prior to signature.

10. **Conflict of Interest**: In all matters involving donors or prospective donors, the interest of the donor shall come before that of the University or the Foundation. No program, trust, contract or commitment shall be urged upon any donor or prospective donor which would benefit the institution or the Foundation at the expense of the donor's interest. No agreement shall be made between the Foundation and any agency, person, company or organization on any matter whether investments, management or otherwise which would knowingly jeopardize the donor's interest.

Life Income Agreements Defined:

Charitable Remainder Trust (CRT)

A CRT is a split interest trust that pays a set or variable income to one or more individuals/beneficiary(ies) for life or a defined period of time and the charitable organization(s) receives the remainder.

1. Cash, marketable securities, or real estate may be placed into a charitable remainder trust. The trust can be established during the lifetime of the donor or through the donor's will. When the trust is created the donor, working in conjunction with University Advancement staff, determines a fixed payout percentage of trust assets as valued annually (unitrust) or a fixed payout dollar amount (annuity trust). When the trust matures, either at the death of the last non-charitable beneficiary or at the end of a specified term of years (not to exceed 20 years), or a combination of lives and term of years, the Foundation is the ultimate beneficiary/remainderman.

2. For charitable remainder unitrusts (CRUTs), trust payments to the beneficiary(ies) will vary depending on the value of the trust assets. For charitable remainder annuity trusts (CRATs), trust payments will be a fixed amount dependent on the founding assets. An immediate charitable deduction is available to the donor, based on several factors including the payout rate, the applicable federal rate, and the length of time the trust is projected to be in existence.

3. The Foundation may elect to serve as trustee on a CRUT or CRAT if the trust is funded with a minimum of $100,000 and the Foundation is named 100% irrevocable remainderman.

4. Trusts will be limited to one or two initial income beneficiaries over the age of 65 with a maximum of two secondary beneficiaries over 45 years of age.

5. For CRUTs and CRATs, the law mandates a rate of at least five percent (5%) payout annually.

Charitable Gift Annuity (CGA)

A CGA is a split interest agreement funded by a transfer of cash or other property by a donor to a charitable organization in return for an annuity payable over one or two lives. At the death of the last beneficiary, the remainder passes to the issuing charity.

A. A charitable gift annuity is a contract between the Foundation and donor or donors. In return for a gift of cash, marketable securities, or real estate, a donor (and/or another beneficiary) receives fixed income for life, guaranteed by the assets of the Foundation. The amount of the annuity income is based on the age(s) of the beneficiary(ies), and a portion of that income is tax-free. The donor may receive an immediate contribution deduction. At the death of the last beneficiary, the remainder passes to the Boise State University Foundation.

B. Charitable gift annuities will be funded with assets of at least $10,000.

C. For a CGA, the following apply:
   i. Immediate CGA funded with assets of less than $100,000
      a. There shall be no more than two beneficiaries.
      b. No income beneficiary shall be younger than 65 years old.
   ii. Immediate CGA funded with assets of $100,000 or more
      a. There shall be no more than one beneficiary.
      b. No income beneficiary shall be younger than 70 years old.
   iii. Deferred CGA funded with assets of less than $100,000
      a. There shall be no more than two beneficiaries.
      b. Minimum age will be 55 with payout no sooner than age 65.
   iv. Deferred CGA funded with assets of $100,000 or more.
      a. There shall be no more than one beneficiary.
      b. Minimum age will be 60 with payout no sooner than 10 years or age 70.

D. The payout rates in preparing CGAs will be no higher than the rate established by the American Council on Gift Annuities.