

California State University Foundation  
CHARITABLE GIFT ANNUITY PROGRAM

Procedures for Program Administration

The CSU Foundation serves as an agent on behalf of the California State University and its campuses in the administration of the systemwide charitable gift annuity program. In the rare event that an annuitant outlives the plan allocation, it is ultimately the responsibility of beneficiary institution to meet the payment obligations of the agreement.

CAMPUS ADVANCEMENT OFFICE

- Provides prospective donor with charitable gift annuity information including Crescendo illustration.
- Advises the CSU Foundation of potential gifts and forwards draft documents, such as charitable gift annuity agreement, Crescendo illustration and reasonably commensurate value (RCV) calculation, for preliminary review. CSU Foundation will seek special approval from Board of Governors Executive Committee, in consultation with the gift annuity program trustee, for all gifts other than cash or publicly traded securities/bonds, as well as, any gift over \$1 million or valued at 10% or more of the Trust's assets.
- Negotiates the transaction with the donor(s), including verification of birth date(s) of the annuitants, frequency of payment, and deferral period, if applicable. The gift annuity agreement may be constructed for one or two lives.
- Initiates charitable gift annuity for at least five thousand dollars (\$5,000.)
- Verifies that the minimum age of annuitants is fifty-five (55) years of age at the time income payments begin. The CSU Foundation President may consider and approve exceptions to the minimum age requirement.
- Uses charitable gift annuity rates recommended by the American Council on Gift Annuities (ACGA). A campus may negotiate a lesser rate if properly disclosed to the donor. The rates are actuarially determined with the goal of having approximately half the gift asset passed on to the charity and the other half paid out to the non-charitable beneficiaries in the form of annuity payments.
- Chooses specific agreement template for the situation at hand and the text of the agreement must be exactly as furnished by the CSU Foundation, except for completion of the choices indicated in brackets. If amendments are proposed, they must be submitted at the earliest possible time for prior approval by CSU Foundation program manager and/or legal counsel. If the annuity is to be funded with a securities or bond transfer, the agreement should indicate an approximate value and note that the fair market value of the assets, the amount of the annuity and the payment amounts will be finalized in Schedule A.
- Accepts either a check payable to the CSU Foundation or a copy of the document conveying in-kind assets to the CSU Foundation to fund the charitable gift annuity.
- Obtains signed Disclosure Statement and completed W-9 forms for annuitant(s). Annuitants must have an IRS taxpayer identification number to be eligible to receive payments.
- Sends via express mail to the CSU Foundation the original copy of the agreement signed and dated by donor(s) and a campus representative, the gift assets, Schedule A of the agreement,

the W-9(s) forms, the Disclosure Statement signed by the donor, the completed RCV calculation, the charitable gift annuity checklist form, and the completed Direct Deposit form with sample bank deposit slip, if applicable.

- Retains a photocopy of all documents for campus files.
- Receives copies of finalized agreements from CSU Foundation and forwards to the donor(s).
- Reports the fair market and present value of the charitable gift annuity to the campus gift reporting office for reporting on the Council for Aid to Education Voluntary Support of Education Survey and as a receivable asset on the campus foundation books.
- Acts as the primary donor contact and maintains continued liaison with annuitants about their participation in the program
- Updates annuitant contact information as necessary.
- Provides campus foundation with annual FASB present value calculation.
- Notifies the CSU Foundation of:
  - any changes related to contact or banking information;
  - the date of death of an annuitant (providing copy of death certificate); and
  - any errors in or complaints about administration of the program.
- Creates and prepares a gift annuity marketing plan tailored to the campus.
- Pays the CSU Foundation 5% (five percent) of the agreement residual plan allocation at maturity based on a sliding scale that takes into account larger sums, for agreement administration. These funds will be used for program administration, program growth and potential liability.

Administration Fee Scale

<u>Corpus Value @ Maturity</u>	<u>CSU Foundation will receive:</u>
Up to \$100,000	5%
\$100,000 to \$200,000	\$5,000 plus 4% of the amount in excess of \$100,000
Over \$200,000	\$9,000 plus 3% of the amount in excess of \$200,000

- Receives remaining assets and manages funds in accordance with the donors intent.

OFFICE OF THE CHANCELLOR  
DIVISION OF UNIVERSITY ADVANCEMENT

- Provides the participating campus with initial Crescendo Pro Planned Gifts Marketing Software subscription.
- Assists in coordinating marketing plans with each participating campus.
- Advertises gift annuity program as appropriate (i.e., CSU publications).
- Provides training through the CSU Advancement Academy for development professionals identified by the participating campus.

CALIFORNIA STATE UNIVERSITY FOUNDATION

- Oversees program policy and procedure administration.
- Coordinates action among and provides liaison with campus advancement professionals, gift annuity program trustee, and outside counsel.
- Provides forms and templates for use by campus coordinators.
- Reviews and approves gifts other than cash or publicly traded securities/bonds in consultation with the gift annuity program trustee. The CSU Foundation Board of Governors Executive Committee retains this authority.
- Forwards agreement documents received from the campuses to the gift annuity program trustee.
- Forwards to the Campus Advancement Office for distribution to the donor a copy of the signed, dated and sealed agreement.
- Serves as liaison with the California Department of Insurance.
- Files with the California Department of Insurance the annual financial statement on the charitable gift annuity program and pays annual filing fee.
- Pays minimum Trustee fee until the excess balance is sufficient to cover expenses.
- Calculates the net gift and fees to be deducted, and transfers the residuum to the campus as outlined in the agreement.
- Sets strategy, through the Board of Governors Finance and Investment Committee, for investment of the reserve and excess funds accounts.
- Reserves the right to stop or temporarily delay accepting new gift annuity agreements due to unfavorable changes in the investment market; and will notify the campuses in a timely manner.
- Provides campuses with annual reports of annuity plan allocations and FASB present value calculations.

## GIFT ANNUITY PROGRAM TRUSTEE

- Provides advice and counsel regarding the administration of the charitable gift annuity program.
- Assists the CSU Foundation Board of Governors Executive Committee in evaluating all gifts other than cash or publicly traded securities/bonds.
- Assists the CSU Foundation Board of Governors Executive Committee in evaluating the potential material effect of gifts valued over \$1 million or 10% of the trust's assets.
- Accepts and posts new contributions and income to accounts including assisting with the transfer of publicly traded securities/bonds.
- Calculates and confirms fair market value of assets transferred in-kind.
- Calculates and confirms reserve requirements
- Maintains original documentation of agreements.
- Files with the California Department of Insurance new agreements and pays the filing fee from the annuitant's plan allocation.
- Manages reserve and excess accounts rebalancing accounts on at least an annual basis.
- Recommends investment strategies, in keeping with the Department of Insurance criteria and American Council on Gift Annuity payout rate underlying assumptions, which will optimize risk and return.
- Invests assets as directed by the CSU Foundation Board of Governors Investment and Finance Committee.
- Prepares and distributes annuity payments or arranges electronic transfer of annuity payments to the bank accounts of annuitants.
- Prepares and submits to the CSU Foundation monthly allocation plan reports for each gift annuity.
- Provides consolidated reporting to the California State University Foundation as agreed or required to comply with regulatory requirements (e.g. FASB).
- Prepares Form 1099R and forwards to each annuitant.
- Assists the California State University Foundation in preparing timely and accurate reports required by the California Department of Insurance.
- Provides final value of account upon the death of annuitant(s)
- Discontinues payments to primary annuitant and institutes payments to secondary annuitant(s), if applicable.
- Liquidates assets and sends to the California State University Foundation as instructed.