Xavier University of Louisiana
Gift and Pledge Policies and Procedures
Updated 1 July 2009

Introduction

The following policies and procedures are set forth: (a) to define the working rules for the development program of Xavier University of Louisiana; (b) to protect the university, its Board of Trustees, staff, and volunteers; and (c) to inform the university's advisers, donors, and prospective donors.

It is the general policy of Xavier University and its Board of Trustees: (1) to offer diverse opportunities for gift support of the university; (2) to communicate such opportunities to constituents on a regular basis; and (3) to provide the resources for a full and effective development program for the benefit of both donors and the university.

The Office of Institutional Advancement is the clearinghouse for the fund-raising activities of the university. It shall be the responsibility of the Office of Institutional Advancement and its staff, under the direction of the president of the university:

A. To maintain and increase financial support for the university;

B. To develop and propose to the Board of Trustees plans for a comprehensive development program, including annual, capital, and planned gift efforts;

C. To advise the Board of Trustees, senior staff, and other volunteers on matters relating to the cultivation, solicitation, and acceptance of gifts and grants in support of the university;

D. To inform, serve, guide, and assist the university's constituents in fulfilling their family, financial, and philanthropic objectives;

E. To coordinate all such fund-raising efforts as may involve the several constituencies (Trustees, staff, friends, alumni, corporations, foundations, etc.) of the university by matching donor interests with specific funding opportunities so that prospects and donors are not solicited by multiple individuals on behalf of the university;

F. To undertake research on prospects and donors so as to identify donor interests and to maintain confidentiality with regard to research findings and donor records; and

G. To report regularly to the Board of Trustees regarding gifts, grants, pledges, and planned gift commitments received by Xavier University.

I. General Policies and Guidelines

A. Xavier University welcomes expressions of interest and financial support, regardless of size or form, from any individual, family, business, corporation, foundation, or similar source. The development office staff and campaign volunteers are available to meet with any prospective donor(s) and their financial advisers, without obligation, to discuss areas of interest, the plans of the university, types of gift commitments, options for payment, estate planning, and the tax planning consequences of a possible gift commitment so as to provide every possible assistance to a prospective donor.

B. Gifts to the university should be made in the name of Xavier University of Louisiana and will be taken, held, and administered by the Board of Trustees. All gifts to the university should be directed to the Office of Institutional Advancement where they will be accepted, acknowledged, and administered in accordance with the policies of the Board of Trustees.

C. No solicitation of donations or gifts of funds or real property for the benefit of the university shall be made by anyone without the approval of the president of the university, vice president for institutional advancement, or his designated representative.

D. Commitments to Xavier University and/or payment of same may take the form of one, or a combination, of the following:

- Cash;
- Multi-year pledges;
- Appreciated securities or other personal assets;
- Deferred or planned gifts including:
    - Trusts,
    - Annuities,
    - Insurance policies,
    - Gifts of residence with or without a retained life interest,
    - Bargain sales, and/or
    - Bequest intentions

E. The president of the university, vice president for institutional advancement, or vice president for business and finance shall have authority to sign planned giving agreements on behalf of the university. Any agreement that does not follow the format of the specimen agreements or otherwise meet the requirements of the current guidelines shall require the approval of the Development Committee of the Board of Trustees.

F. The Board of Trustees and/or appropriate university officers as authorized by the president of the university reserves the right to accept (or, in cases where absolutely necessary, to decline) any commitment that is offered to them. They also reserve the right to determine how any commitment will be credited and/or how such commitments will be recognized.

Requests by donors for anonymity will be honored.

G. Although representatives of Xavier University will provide all appropriate assistance, the ultimate responsibility regarding asset evaluations, tax deductibility, and/or similar federal, state, and/or local legal compliance issues rests with the donor(s) and/or with such financial advisers as the donor(s) shall secure.

All donors need competent financial advisers, and representatives of the university will always recommend potential donors obtain such assistance.

H. The university will not knowingly seek, nor accept, any commitment regardless of size, designation, or other condition, which it believes is not in the potential donor's best interest.

II. Policies Pertaining to Certain Types of Commitments

Gifts shall be valued on the date the donor(s) relinquished control of the assets in favor of the university. In cases where gifts are made with assets other than cash, the following guidelines will be observed:

A. Gifts of publicly traded securities will be receipted at the average of the high- and low-market value on the date the donor relinquished control of the assets in favor of the university or other valuation techniques approved by the IRS; such securities will be conveyed to the university's business office for sale, consistent with the established policies of the university.

B. Gifts of closely held stock will be receipted at the per-share cash purchase price of the most recent transaction. Normally, this will be the buyback transaction of the donor. If no buyback is consummated during the campaign period, a gift of closely held stock may be credited to campaign totals at the value determined by a qualified independent appraiser. All such gifts of closely held stock will be held until liquidated, at which time the funds will be used consistent with the gift intentions of the donor and the established policies of the university.

C. Outright gifts of real estate, bargain sales, and/or partnerships will be credited, recognized, and/or commemorated at fair market value at the time it is transferred to Xavier University, less any encumbrances. The fair market value of the property shall be determined by an independent, qualified appraiser paid for by the donor. Appropriate environmental hazard appraisals are also required and are to be paid for by the donor.

Gifts of real estate must be accepted by Xavier University in accordance with statutory requirements governing the university's acquisition of real property.

Outright gifts of hard-to-value assets such as mineral rights or limited partnerships will be credited at $1, and additional credit will be given as the proceeds are received.

D. Outright gifts of tangible personal property for which donors qualify for a charitable gift deduction under current IRS rules will be credited, recognized, and/or commemorated at the appraised value of the property at the time it is transferred to Xavier University, less any encumbrances. Unless otherwise authorized by the Board of Trustees, the university will seek to liquidate such assets in order to secure the cash needed to fund its programmatic and/or facility priorities and/or to invest such assets in ways consistent with the currently authorized investment strategies of the university.

The following are general guidelines or considerations in connection with gifts of tangible personal property:

(1) Generally, the university’s acceptance of such gifts cannot involve significant additional expense for their present or future use, insurance, maintenance, or administration.

(2) Generally, no burdensome financial or other obligations can be incurred, directly or indirectly, by Xavier University as a result of its acceptance of such gifts.

(3) Gifts of real and personal property (land, houses, jewelry, paintings, antiques, rare books, etc.) exceeding $5,000 in value shall be reported at the fair market value placed on them by an independent, expert appraiser at the time the donor relinquished control in favor of the university. Gifts of $5,000 and under may be reported at the value declared by the donor or a qualified on-campus expert (e.g., librarian, art professor, etc.).

(4) The university will not accept gifts of tangible personal property (such as books, paintings, etc.) if such gifts are to be made on the condition, understanding, or expectation that the gifted items will be loaned to the donor or to persons designated by the donor for life or for an extended period of time as determined by the donor.

(5) Any gifts-in-kind which could be liquidated will be credited on an item-for-item basis.

E. Fully paid up, or otherwise vested, insurance policies for which Xavier University is owner and sole beneficiary will be credited and recorded as "future" expectancies of the university at the unrealized death benefit (face value) of the policy in cases when the insured is age 65 or greater, and at the replacement value for donors younger than 65.

F. Bequest intentions, commitments of unpaid insurance policies, and other revocable deferred gifts will be recorded as "future" expectancies of the university at the value established in writing by the donor through a bequest intention form, a deferred pledge agreement, a contract to make a will, a letter, or a copy of appropriate sections of the will or of the insurance or trust document, etc.

(1) Such revocable gift commitments will be permanently commemorated, subject to the donor's specific request and intent, only when the funds are irrevocably committed to the university or when the gift matures.

(2) Bequest intentions for which the donor does not indicate a specific gift value and/or does not provide an estimate of a residuary bequest will be credited as future expectancies at a minimum value level of $1,000.

G. Bequests will be credited to any university campaign attainment figures as received, if not reported in a previous campaign. Such bequests will be credited, recognized, and/or commemorated at the value established at the time of probate and/or at the fair market value on the date of the transfer of the asset(s). If any portion of the total amount was previously entered in prior campaign "future" expectancies as a testamentary pledge, this amount shall be subtracted from what is credited to the "future" reports of the new campaign. New bequest expectancies will be credited to the campaign attainment figures at the level designated by the donor if the donor is or will be age 60 or greater by the end date of the campaign. Bequest expectancies from donors younger than 60 years will be credited at the actuarial value.

H. All gifts that will, or may, require expenditure of funds either at the time of the gift or at some future date (e.g., non-performing assets gifted to fund a charitable trust or charitable gift annuity, bargain sales, or outright gifts such as real estate that may impose present obligations on the university) shall require the approval of the Endowment or Development Committees of the Board of Trustees.

I. Gift annuity, irrevocable charitable remainder trusts, and similar life income agreement commitments (whether administered by the university or by others on behalf of the university) will be credited, recognized, and/or commemorated as follows:

(1) At the fair market value of the asset (on the date of transfer, less any encumbrance) being used to "fund" the life income agreement in the case of charitable remainder unitrusts, annuity trusts, and charitable gift annuities for life beneficiary or beneficiaries age 60 and greater at the time of their first life income payment.

(2) In the case of charitable lead trusts, at the total anticipated payout over the pledge payment period plus (for commitments made during any campaign period) the present value of any remaining income interest.

For purposes of current income tax deductions, such gifts will be receipted at the charitable deduction value as established by law.

Generally speaking, the university does not encourage donors to place encumbered assets into a trust. When a trust is to be funded with hard-to-value or non-income-producing property, a net income unitrust will generally be used. Such a trust obligates the trustee to pay only the lower of a specified percent of fair market value or actual income. When such a net income unitrust is used, a separate letter of agreement should be signed by the president of the university and the donor, indicating that the donor understands the income concept of the net income trust. A "catch-up" provision as allowed by a unitrust may also be acceptable.

III. Administrative Procedures Relating to Certain Planned Gifts

A. For Charitable Remainder Trusts

(1) Proposed charitable remainder trusts should be funded initially with assets of at least $50,000. Trusts may be established for lesser amounts if it can be determined that the charitable remainder portion of the gift is sufficient to handle the administrative costs and provide a substantial future gift to the university.

(2) Trusts should be limited to one or two income beneficiaries and to beneficiaries over 40 years of age (unless some generous outright gift is combined with the trust, in which case trusts can include younger beneficiaries).

B. For Life Income Agreements

(1) The interest rate used in preparing life income agreements will be as follows:

a. For charitable gift annuities, no higher than the rate recommended by the National Committee on Gift Annuities.

b. For unitrusts and annuity trusts, a rate of at least five percent. Higher rates may be approved by the Endowment Committee of the Board, based on:

(1) the ages of the donor and any beneficiaries; and (2) income needs vs. tax relief. However, the director of planned giving will be given authority to negotiate rates on charitable gift annuities, charitable remainder unitrust, and charitable remainder annuity trusts, provided that such rates be within one percentage point of the maximum rates recommended by the American Council on Gift Annuities effective at the time of the gift or the establishment of the trust. Charitable remainder trust will be marketed with a rate slightly lower than charitable gift annuities because of the higher administrative costs. In the event that the rate does not fall within the limitations above, the director of planned giving will obtain the approval of the vice president for institutional advancement. Any such deviation from this policy will be reported to the Endowment Committee at its next regularly scheduled meeting.

(2) Funds received for annuities and trust agreements are administered by the director of planned giving. Separate accounting is provided to the donor on each life income agreement. Annuity or trust payments shall be made at the donor’s choice: monthly, quarterly, semi-annually, or annually. In order to control the cost of trust and annuity administration, Xavier University prefers to make payments quarterly or semi-annually.

C. For Retained Life Estates

The gift of a primary residence, a vacation home, or a farm with retained life interest on the part of the donor shall be arranged without a trust agreement. The donor deeds the property to Xavier University immediately. Calculation of the remainder interest, which is allowed for federal income tax deduction credit, is based on an IRS formula.

D. For Life Insurance

Gifts of life insurance may be accepted by the university after ownership is transferred to the university and cost and/or replacement value has been established by the insurance company.

IV. Policies Pertaining to Named Endowment Funds

A. For the purposes of this policy statement, "endowment fund" shall refer to any fund, or any part thereof, not wholly expendable by the university on a current basis under the terms of the applicable gift instrument.

Endowment funds are invested according to policies established by the Board of Trustees.

B. Endowment gifts may be used to establish a special endowment fund or may be added to an existing endowment fund.

C. Persons interested in establishing a named endowment fund are encouraged to consult with the vice president for institutional advancement prior to making the gift so that the donor's intentions are appropriately established in writing. Negotiation of any named endowment agreement on behalf of the university shall be done over the signature, and with the full knowledge, of the president of the university.

In designating an endowment gift for a specific purpose, the donor is encouraged: (a) to describe that purpose as broadly as possible; (b) to avoid detailed limitations and restrictions; and (c) to provide a clause granting the university maximum flexibility to make use of designated funds in a manner most consistent with the intent of the donor and with the interests of the university should programmatic or other developments make it impossible to apply the endowment proceeds to the purpose for which it was designated originally.

D. Gifts to established named endowment funds for specific purposes must meet the minimum dollar requirements set by the Board of Trustees. The principal amount of the original gift need not meet the minimum dollar requirement if the donor agrees to fully fund the endowment at the minimum dollar requirement within a specified and reasonable period of time. Minimum dollar requirements may be changed from time to time at the sole discretion of the Board.

The minimum dollar requirements established by the Board of Trustees for a named endowment fund shall not apply to any named endowment fund(s) already established at the time these policies are adopted.

Xavier University reserves the right to review the minimum amounts required for named endowments periodically and to amend the minimum amount required so as to ensure that endowment proceeds are sufficient to fund the intended purpose(s) of the endowment. If and when the university acts to increase the minimum amount required to establish a particular named endowment fund, such action shall not be retroactive to funds already established and named.

V. Policies Specific to Capital Campaigns

A. Gift and pledge commitments will be counted toward campaign totals if such commitments have not been counted toward a previous campaign goal and if such commitments are applicable toward the featured facility and/or endowment objectives set forth in campaign materials.

B. Pledges of outright gifts should be written and should commit to a specific dollar amount that will be paid according to a fixed time schedule. The normal pledge period for outright gifts is three years; pledges of $5,000 or more may be made over five years.

C. During the multi-year campaign period, prospective donors may be asked to make an annual gift commitment and a capital gift commitment to the university, payments on which will be allocated to the annual and/or capital needs of the university according to policies established by the Board of Trustees. In some cases, the prospective donor(s) may also be asked to consider a deferred or planned gift to the university.

D. All gift and pledge commitments, regardless of size and designation, are welcomed, and Xavier University will provide all possible staff and volunteer assistance to potential donors to discuss the university’s funding priorities, the donor’s interests, etc. However, gifts of immediate cash or negotiable securities are the forms of donor commitment that have the greatest impact on the university and its plans for the immediate future.

The rationale and urgency surrounding facility and endowment priorities reflected in the campaign commend timely funding to assure a strong future for Xavier University. Cash, negotiable securities, and commitments of similar assets are those that can most immediately be applied to the current funding priorities of the university.

E. Campaign reports shall always present: (1) the total of outright gifts and pledges received and payable within the campaign period and post-campaign accounting period as specified above; (2) the total of deferred (future) commitments which will be received at an undetermined time in the future; and (3) the grand total of all commitments, outright and deferred, being credited to the campaign.

F. No verbal pledge commitments will be included in reported campaign totals. Either a signed pledge card or letter of intent must be filed with the development office before a pledge commitment is reflected on campaign reports.

G. Many contributions to the campaign will be "unrestricted" in nature. However, any donor has the option to "restrict" some, or all, of his/her gift commitment to any particular campaign component.

H. Commitments of term insurance naming the university as beneficiary will not be counted in campaign attainment figures.

I. Irrevocable gift commitments which mature during the course of the campaign will be credited immediately to outright campaign attainment figures, unless previously designated for non-campaign purposes.

J. Bequest intentions for which the donor does indicate a specific, or estimated, value and for which the donor provides written confirmation will be recorded at full value, consistent with limitations of age as described in Section II. H.