

Planning for Good – because sustainability is a gift

“Strong, close relationships with donors are important, but a well-crafted gift acceptance policy is essential to even beginning a conversation with a donor about a planned gift. The gift acceptance policy is the organizational cornerstone to a planned giving program.”

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Like the exhausted parent who accepts the offer of a puppy or pony to their child from a well-intentioned family friend, an organization that does not first establish the appropriate policies and procedures for acceptance of gifts, and appropriate stewardship of those gifts and their donors may set itself up for a disappointing – if not unsuccessful - gifting program.

Why, When, Who and What of Gift Acceptance Policies

WHY?

Gift Acceptance policies that are thoughtfully drafted, deliberated, adopted and regularly updated by a board accomplish key organizational goals:

- Minimize Risk upon gift acceptance
- Maximize the Value of the gift to the organization
- Preserve and foster optimal donor relations
- Express the organizations sense of its own worth to society

These policies often also plan the seeds of future gifts in the hearts and minds of board members who craft, consider and implement them.

WHEN?

The worst time or circumstance for creating these policies is when an organization is actually faced with a proposal of a gift; the ability to objectively weigh the risk and value of a gift while simultaneously managing the relationship with and expectations of a donor is virtually impossible without the guidance, standards and criteria a properly crafted policy would provide.

WHO?

Who should be involved in crafting such a policy?

The organization’s development, finance and other executive staff, as well as professional advisors with whom they work closely on financial issues, should draft a policy that is reviewed, understood and recommended by those staff and advisors, then the development and finance committees who recommend the policy to the entire board for adoption.

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WHAT?

What, at a minimum, should be in a gift acceptance policy?

- Purpose/Mission of your organization
- The fact that your organization want to create a process of considering and accepting planned gifts
- Provision that clearly states the need for donors to have independent legal counsel
- Provision that allows the organization to have its own counsel (and that counsel should not be a member of the organization's board)
- Who is assigned to serve on the committee to consider gifts and make recommendations on acceptance to the full board
- What types of assets the organization will consider
- What the policy is to be on the restrictions donors may place on the use of their gifts
- That the organization will adhere to the Model Standards of Practice for the Charitable Gift Planner promulgated by the National Committee on Planned Giving
- Who will generally be expected to bear the costs of the transaction, such as appraisals, tax filings, environmental expenses, legal expenses, etc.
- Who will be responsible for IRS filings, such as the Forms 8282 and 8283
- Vehicles that the organization is willing to consider using, such as
 - Charitable Gift Annuities
 - Charitable Remainder Trusts
 - Charitable Lead Trusts
 - Pooled Income Fund
 - Bargain Sale of Real Estate or other assets
 - Remainder following a life estate
- Whether the charity will play a role in administering those vehicles
- Assets, other than cash, such as marketable securities, restricted securities, real estate or different interests in real estate, tangible personal property, mineral or other rights in property, life insurance policies or death benefits, retirement plan assets, and under what conditions, the organization will consider

The policy may also include language on other important topics, such as:

- What the recognition level will be/Acknowledgement standards/duties within the organization for execution of same
- Liquidation Value (net proceeds) or other value to be used for such recognition
- Reference to the organization's Investment Policy for its endowed funds
- Reference to the organization's Spending Policy for its endowed funds

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Other considerations

The policy should be reviewed annually; Optimally, there will be at least one board member or other advisor who works exclusively in the area of estate planning (a lawyer, accountant or insurance or financial planning professional) who annually reviews and suggests updates in consultation with development and finance staff taking into account any changes within the organization and any regulatory, statutory or other legal changes on the applicable state or federal level affecting the organization.

Additionally, it is helpful to maintain a list of professionals who would be called upon in the event a gift is to be considered, such as real estate agents, appraisers of tangible personal property and real estate, surveyors, environmental consultants, auctioneers, to name a few.