

ROMAN CATHOLIC DIOCESE OF CHARLOTTE

Gift Acceptance Policies

for Parishes, Missions, Schools, Agencies
and other diocesan entities

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Charlotte, NC 2820**

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1.0 General Guidelines

1.1 Gift Acceptance Provisions – All gifts must be properly accepted as described below. After properly recording and confirming the charitable donation, gifts may then be sold, transferred and/or otherwise invested. A parish will be informed if a gift is received by the Diocese for the benefit of a specific parish.

Acceptance of certain types of gifts can result in complicated transactions with potential or real liability. Therefore, gifts of real estate, property, equipment, insurance, annuities, terminal trusts, revocable trusts, etc. are subject to the approval of the Chancery.

Appropriate inquiry shall be made and consideration shall be given to the nature of any gift and whether it is in keeping with the mission of the Diocese prior to acceptance.

1.2 Unrestricted Gifts – Unrestricted gifts are those gifts whereby the donor has not restricted the purpose of the principal or any earnings and that can be used at the discretion of the proper authority.

Gifts of property, which can be liquidated may be accepted, unless any such gift would result in a potential liability or would be in violation of any standards or policies of the Diocese. Any gift to the Diocese about which there might be a question as to acceptability shall be referred to the Chancery.

1.3 Restricted Gifts – Parishes may not accept any restricted gift for the benefit of other entities or non-parish purposes without permission of the Chancery. This does not apply to second collections approved by the Chancery (or small charitable appeals approved by the pastor and initiated by the parish).

Acceptance of a restricted gift imposes an obligation to comply with the terms established by the donor and must be approved by the proper authority. Therefore, it is necessary that the nature and extent of this obligation be clearly understood. For this reason, the terms of each restricted gift are to be reviewed with utmost care to ensure that they do not hamper the usefulness and desirability of the gift. If a gift is deemed unacceptable because of the restrictions the donor has placed on its use, the donor will be informed immediately and provided with the opportunity to remove and/or modify the identified restriction(s) or revoke the gift.

1.4 Determination of Beneficiary When Not Donor Specified – In the case of gifts received by the Foundation of the Roman Catholic Diocese of Charlotte, Inc. which are invested in endowments, and the donor does not stipulate any restriction on, or beneficiary of, the endowment income, the Central Administration of the Diocese of Charlotte shall be the beneficiary of said income.

1.5 Unacceptable Gifts – No property shall be accepted unless there is reason to believe the property can be quickly sold. No property shall be accepted that obligates the Diocese

to ownership of it in perpetuity. No perishable property or property that would require special security or facilities to properly safeguard will be accepted without prior approval of the Chancery. After consultation with the Chancery, a gift shall be refused or returned when it:

Is inappropriate or not conducive to the best interests of the mission or ministry of the Diocese, and/or parish.

Is known or suspected to be from an illegal source.

Is for a commercial endeavor.

Would obligate the Diocese, parish/school/agency to undertake responsibilities, financial or otherwise, which it may not be capable of meeting for the period required by the terms of the gift.

Creates excessive administrative, recording, tracking, or reporting procedures for the Diocese, parish/school/agency.

Ordinarily mortgaged property will not be accepted as an outright gift; however, exceptions may be made when the property has sufficient equity to justify assumption of the liability and the property is marketable.

1.6 *Acknowledgments* – Acknowledgments must contain the following information: (1) the amount of cash contributed, or a description (not a valuation) of contributed property other than cash and its condition (for items of clothing or household items); (2) the date of the contribution; (3) a description of the donor's restriction(s) on the gift, if any; (4) an indication whether the donee entity provided any goods or services in whole or partial consideration for any contribution (if not, the acknowledgment must specifically so state), and, if so, a description and good faith estimate of the value of the goods or services provided by the donee entity in consideration for the payment; or (5) if such goods or services consist solely of intangible religious benefits, a statement to that effect.

2.0 Gifts in Kind

2.1 *Personal Property* – Gifts of jewelry, artwork, collections and/or miscellaneous personal property may be accepted if the value of the donated item is estimated to be in excess of \$3,000 and is readily saleable. Establishment of the value is the responsibility of the donor. Other matters that are to be taken into consideration prior to acceptance of gifts of jewelry and/or miscellaneous personal property will be: cost of administration; cost of storage and/or transportation cost of selling and/or liquidation; cost of maintenance and/or repairs.

2.2 *Gifts of Furniture* – Gifts of furniture and/or antiques may be accepted if the furniture and/or antiques are useable by the done entity or the furniture and/or antiques can be sold.

2.3 *Valuation/Acknowledgements* - When gifts-in-kind are given, it shall be the responsibility of the donor to obtain an appraisal or other valuation of the gift for their personal tax purposes. Acknowledgments are to contain a description of contributed property and its condition, but are not to indicate a value, even when the donor provides an appraisal or other form of valuation.

2.4 *Donated Services* - Donated services and materials or gifts-in-kind are recorded as contributions and corresponding expenses at their estimated fair values at the date of donation. However, such gifts should be reviewed with special care to ensure that acceptance will not involve financial commitments disproportionate to the usefulness of the gift. Many individuals volunteer their time and perform a variety of services that assist with specific program tasks. Generally, a contribution of services shall be recognized within the financial statements only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For instance, services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers and other professionals and craftsmen.

3.0 Gifts of Securities

3.1 *Marketable Securities* – Gifts of marketable securities may be accepted. Unless specifically instructed to be retained by the donee for a specific period of time, all gifts of securities, including bonds, will be liquidated immediately and the proceeds will be deposited in the proper account in accordance with the donor's wishes.

Gifts of stock may be made via electronic transfer or by physical certificate. The Diocese of Charlotte maintains a brokerage account with Wells Fargo Advisors for the purpose of processing electronic transfers to the Diocese for the benefit of the Diocese or any of its parishes, schools or agencies. Upon receipt of the stock into the diocesan brokerage account, the diocesan Finance Office will sell the stock and remit the proceeds to the parish/school/agency. Under no circumstances is a parish, school or agency permitted to open an account with a brokerage firm for the purpose of selling gifted stock or any other reason.

Acknowledgments of stock gifts which comply with IRS guidelines will be mailed directly by the diocesan Finance Office to the donor. The parish/school/agency has no responsibility to acknowledge these gifts. Tax substantiation verification is determined on the date that the securities are received at the diocesan brokerage firm or the date the actual securities are received by the Diocese, parish/school/agency.

3.2 *Non-readily Marketable Securities* – Careful consideration will be given to the acceptance of gifts of securities that are not readily marketable. It is important to ensure that the donee assumes no liability in receiving such securities and that such property can be sold within a reasonable time period. If accepted by the Chancery, these securities will be carried on the applicable donee's books at \$1.00 in the absence of financial information that would enable the accurate determination of fair market value. Such securities will be carried at the fair market value only when complete financial statements are provided and a fair market value is established.

3.3 *Non-acceptable Gifts of Securities* – Securities that will not be accepted include:

Securities that are assessable or in any way could create a liability to the donee.

Privately held securities.

Limited partnership interests

Securities that, by their nature, may not be assigned, transferred/conveyed to another party (such as series "E" savings bonds).

Securities that have no apparent value.

4.0 Gifts of Real Estate

4.1 General – Whenever a donor wishes to contribute real property or an interest in real property, the diocesan Director of Properties, with the assistance of counsel and other real estate professionals, as needed, shall consider all the facts and circumstances and these guidelines in determining whether to recommend accepting the gift. Parishes may not accept gifts of real property without the approval of the Chancery.

These guidelines apply to all real property and interests in real property (such as a remainder interest in a personal residence). They apply to all gifts of such interests, and bargain sales of such interests (where the seller offers the interest to the Diocese at a price less than the fair market value).

Gifts of real estate are to be documented as follows:

- a. For unrestricted gifts: To the Bishop of the Roman Catholic Diocese of Charlotte without restriction.
- b. For restricted gifts:
 - “To the Bishop of the Roman Catholic Diocese of Charlotte for the benefit of {entity}, without further restriction.”
 - or
 - “To the Bishop of the Roman Catholic Diocese of Charlotte for the benefit of {entity name} restricted for {state the purpose}.”

The following issues must be addressed in reviewing the possible acquisition of real estate covered under this policy:

The Value and Marketability of the Property – When acquisition of a property is part of a gift or bargain sale transaction, the donor or seller is responsible for obtaining appropriate evidence of value for gift substantiation purposes.

Carrying Charges of the Property – In all cases, the property will have certain carrying charges. These could include taxes, sewer fees, condo fees, insurance, and other liabilities. The total of these expenses must be carefully reviewed as one of the criteria for approval. Arrangements may be made by the prospective donor to cover these carrying charges.

Environmental Aspects of the Property – Because of strict liability imposed for certain environmental conditions and the potential costs associated with a required environmental cleanup or remediation, an environmental review must be conducted in accordance with these guidelines. The scope of such review will depend upon the type and condition of the property.

Legal and Tax Aspects of the Property – In order to assure that the donor/seller is permitted and authorized to sell or donate the property, the diocesan attorney will obtain such information as may be necessary from the donor/seller or from public records to make such a determination. This includes title information, Federal, state or local laws,

regulations, ordinances or zoning or tax requirements. In the case of income-producing properties, questions of unrelated business income must also be addressed.

The existence of liens – To confirm that the property is free from liens or to verify the amount of disclosed liens, the diocesan attorney will perform the required records check.

Suitability of the Property – The property should be evaluated to determine that ownership of the property interest by the Diocese will be consistent with the mission of the Diocese.

4.2 Information Required – In order to conduct the review required to make a determination whether to accept a donation of real property, the following information shall be obtained by the Diocese. To the extent feasible, such information shall be obtained from the prospective donor to assist in the evaluation.

In the initial stages of review, the donee parish/school/agency shall obtain:

As applicable, any site plans, building plans, and other descriptive information relating to the property and improvements.

As applicable, any prior environmental assessments and appraisal reports, market studies or descriptive information that could include a summary of any outstanding agreements that could survive closing, transfer or service contracts, listing agreements or the like. Appropriate evidence of value will be submitted to the Diocese when the prospective donor obtains it for gift substantiation purposes.

Zoning information, including whether any existing or proposed use violates zoning provisions.

An ownership and encumbrance report or title commitment from a title company.

In the case of commercial property, the rent roll showing leases and amendments, commencement and expiration dates, rents, and pro rata shares actually being collected and security deposits being held.

If the proposed gift is of an undivided interest in the real property, a copy of any tenants-in-common or other agreement, together with all amendments, which may affect the ownership of such real property.

If the proposed gift is a partnership interest, a copy of the current partnership agreement or business formation agreement, together with all amendments, and evidence that all required filings have been made at the Federal level and with the state in which the partnership or business was organized.

Where applicable, documents are required demonstrating that the donor has the authority to transfer all or a partial interest in the real property or partnership without the consent of any other party. If other such consents have been given, information relating to any restrictions on the ability of the Diocese, parish/school/agency to sell the property will be required.

Copies of any current leases of the property together with all tenant information on residential property.

If the preliminary review is favorable, the donee entity shall obtain the following information:

Complete legal description and property identification.

Title commitment to issue an owner's policy of title insurance, with copies of all documents that constitute exceptions to title.

Current real estate assessment notice and evidence of payment of current real estate taxes.

Evidence of all insurance policies currently in effect, including a description of coverage (certificate of insurance and declaration pages of policies indicating coverage may be used). The amount of annual premiums due with respect to such policies shall also be included.

4.3 Physical Inspections – Prior to accepting any gift of real property or any interest in real property, the diocesan Director of Properties and the proper authority of the donee entity, shall physically inspect the real property (or cause such inspection to be conducted).

In the case of improved property, such inspection shall include, but not be limited to:

Condition of Roof;

Parking lot and other paving;

Condition of HVAC;

Structural components;

Mechanical and electrical components;

Compliance with applicable building codes; and

Termite inspection.

Assessment of potentially hazardous conditions such as asbestos, mold or excessive radon levels.

In order to assess the salability and marketability of unimproved property, the following specific factors (which can usually be assessed from visual inspection and readily available public records) shall be considered:

Topography

Access

Boundary and area

Wetland area (from soil maps) and forest buffers

Availability of municipal water and sewer (or suitability for private sewage disposal if public sewer is not available)

Regulatory restrictions or development moratoria

Forest conservation or reforestation issues

Master plan conflicts

Impact fees or other exactions

Drainage issues

Any other relevant factors affecting property value or future development

4.4 Environmental Review – All property and property interests offered to the Diocese, parish/school/agency shall be reviewed to assess the environmental liability risks associated with the property. In appropriate cases, as a prerequisite to accepting the property, the donor/seller shall be requested to indemnify the Diocese, parish/school/agency and pay the cost of any clean-up work or, in the alternative, to provide the Diocese with insurance coverage for clean-up costs.

Except as otherwise provided herein or as otherwise may be determined by the diocesan Director of Properties, a phase one environmental assessment report shall be conducted in accordance with recognized standards as may be in use at the time prior to acceptance/acquisition. Such an audit shall be conducted to determine whether possible contamination may exist on the property, based on a site inspection, historic research, review of public records, examination of facility records, and interviews of past and

present owners/operators. Additional environmental assessment may be required, at the discretion of the Diocesan Director of Properties, based on the findings of the phase one assessment.

In some cases, a less formal transaction screen or environmental review by the Diocesan Director of Properties may be used in lieu of a phase one environmental assessment, but only for obviously benign properties where the likelihood of contamination is extremely remote (e.g. residential or agricultural). The decision whether to utilize this less formal process will be made at the discretion of the Diocesan Director of Properties based on the findings of the transaction screen.

4.5 Unrelated Business Taxable Income (UBI) Issues – If the proposed gift consists of income-producing property, a review should be made as to whether any of the income will constitute UBI and thereby subject the Diocese to income tax on such income. For example, rental income from mortgaged real estate may constitute UBI.

4.6 Marketability – Prospective donors will be encouraged to make gifts of real property or interests in real property which are readily saleable. If the property or interest in real property being offered is not readily saleable, an assessment of the carrying costs relative to the probable timing and sales price must be undertaken.

4.7 Responsibility for all Costs – The donee entity shall be responsible for all costs incurred with the necessary due diligence and title transfer, as well as all the carrying costs incurred until the property is sold.

4.8 Form of Deed – All transfers of real property should be by general warranty deed or special warranty deed, or such other form as is customary in the state in which the real property is located.

4.9 Tax Reporting – In any case in which, within two years from the date of the gift, the property is sold and Form 8283 had been received at the time of the gift, the donee entity must report the details of the sale and gift to the Internal Revenue Service on IRS Form 8282. It is generally the policy of the Diocese to sell gifts of property. The Diocese will insist that no restrictions be placed on the manner in which the Diocese, parish/school/agency may use or dispose of the property. The Diocese, parish/school/agency will not establish or corroborate the value of any property for the purpose of substantiating the donor's income tax charitable deduction.

5.0 Gifts of Vehicles

5.1 *General* – Automobiles may be accepted if the vehicle is saleable. The parish/school/agency should notify the Chancery of any donation of vehicles, boats, or planes prior to acceptance. Once permission has been received from the Chancery, the Diocese, parish/school/agency must decide whether it will:

- Sell the vehicle,
- Donate the vehicle to an individual or other entity, or
- Keep the vehicle for parish/school/agency use.

Gifts of vehicles are to be documented as follows:

- i. For unrestricted gifts: To the Roman Catholic Diocese of Charlotte, without restriction.
- ii. For restricted gifts:
 - “To the Roman Catholic Diocese of Charlotte for the benefit of {entity name}, without further restriction.”
 - or
 - “To the Roman Catholic Diocese of Charlotte for the benefit of {entity name} restricted for {state the purpose}.”

All vehicles are to be titled in the name of the Diocese of Charlotte. The Chancery is responsible for transferring the title for all donated vehicles. Used vehicles will be recorded at retail “blue book” price less any necessary repairs.

5.2 *Acknowledging and Tax Reporting* - If the donee entity sells the vehicle without significantly using it, or improving it, they must provide an acknowledgment to the donor within 30 days of selling the vehicle with the following information:

- 1 The donor’s name and Social Security Number
- 2 Description of the vehicle: make, model, and VIN (vehicle identification number)
- 3 A statement that the vehicle was sold in an “arms length” transaction between unrelated parties
- 4 The gross proceeds from the sale of the vehicle.
- 5 A statement that the deductible amount is limited to the gross proceeds.

If the donee entity plans to use the vehicle in its ministry (which includes donating it to a needy individual), or make material improvements to it (major overhaul, paint job, etc., not just a car wash and an oil change), the donee entity must provide an acknowledgment to the donor within 30 days of the donation of the vehicle with the following information:

- 1 The donor’s name and Social Security Number
- 2 Description of the vehicle: make, model, and VIN (vehicle identification number)
- 3 A statement of the intended use or material improvement of the vehicle, and the intended duration of that use

- 4 A statement that the vehicle would not be sold before completion of that use or improvement

The Diocese, parish/school/agency must file Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes with the IRS for any contribution of a vehicle received with a claimed value of more than \$500. This form must be submitted to IRS, with a copy to the donor, on or before February 28 of the following year. In lieu of a written contemporaneous acknowledgment, Copy B of Form 1098-C, (which contains the same information required in a written acknowledgment), may be provided to the donor within 30 days of the donation of the vehicle. If Copy B is used to provide contemporaneous acknowledgment, the Diocese recommends that an accompanying letter be sent to the donor thanking him/her for the donation.

6.0 Planned Gifts and Bequests

6.1 *General* – A planned gift is legally established during the donor's lifetime or by means of the donor's will or other testamentary instrument. Acceptable planned gifts include bequests, life insurance, charitable gift annuities, real property, and charitable trusts.

Planned gifts are to be documented as follows:

- a. For unrestricted gifts: To the Bishop of the Roman Catholic Diocese of Charlotte, without restriction.
- b. For restricted gifts:
 - “To the Bishop of the Roman Catholic Diocese of Charlotte for the benefit of {entity name}, without further restriction.”
 - or
 - “To the Bishop of the Roman Catholic Diocese of Charlotte for the benefit of {entity name} restricted for {state the purpose}.”

6.2 *Bequests* – Gifts through wills (bequests) shall be actively encouraged by the Diocese. Acceptance of gifts through wills shall be held to the same restrictions and guidelines as other gifts. Upon receipt of notification of a bequest or receipt of the proceeds from a bequest, the diocesan attorney should be notified.

Outright Bequests. The Diocese, parish/school/agency would be named in a separate item of the will to receive a specific dollar amount or a percentage of the estate. Or, the Diocese, parish/school/agency could be named to receive a collection of personal property, stock, a particular piece of real estate, etc.

Residual Bequests. The Diocese, parish/school/agency is named to receive all the rest, residue, and remainder of the estate after the family and other heirs have been provided for.

Contingent Bequests. The Diocese, parish/school/agency is named to receive property only if certain other contingencies have occurred. For example, the bequest might be made only if the deceased's spouse is not surviving.

Codicil. A codicil is an amendment to a will. It is a separate document that can add, subtract, or modify a will provision -- including a provision for a charitable bequest.

It is the policy of the diocese that diocesan entities receiving general bequests of \$10,000 or more invest at least 50% of those funds in an endowment with the diocesan foundation earmarked for that entity. That amount can be added to an existing endowment or a new endowment account may be established. Furthermore, it is the policy of the diocese that entities receiving bequests for scholarships invest 100% of those funds in an endowment with the diocesan foundation, earmarked for that parish or school.

Gifts from the estates of deceased donors consisting of property which is not acceptable shall be rejected by the Diocese. The diocesan attorney shall expeditiously communicate the decision of the Diocese to the legal representatives of the estate. If there is any indication that the representatives of the estate or any family member of the deceased is dissatisfied with the decision of the Diocese, this fact shall be communicated to the Diocese or to the appropriate staff as quickly as possible.

Attempts shall be made to discover bequest expectancies wherever possible in order to reveal situations which 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 Diocese and every attempt be made to encourage the donor involved to conform his plans to diocesan policy.

When it is known that donors are contemplating bequests for specific purposes, it should be encouraged that they discuss this with the Diocese to be sure their intentions can be fulfilled.

The Diocese encourages donors who provide resources for specific purposes include language that allows the Diocese flexibility to use the funds for similar or other purposes in the event the original intentions becomes impractical or impossible to fulfill as determined by the Diocese. Donors or family members would be notified and, if available, allowed input on the final decision.

6.3 Charitable Remainder Trusts – The Diocese, parish/school/agency may be named beneficiary of charitable remainder trusts. However, they shall not, except in extremely rare and extenuating circumstances (following consultation with the Chancery), act as trustee or co-trustee for any such trusts. The Diocese, parish/school/agency shall abide by all charitable remainder probability tests and any other regulations set by the Internal Revenue Service and shall require donors to seek independent counsel in drafting any trust documents.

6.4 Charitable Gift Annuities – Gift annuities are not to be issued by any diocesan entity other than the Foundation of the Roman Catholic Diocese of Charlotte, Inc.

In return for a gift, usually cash or appreciated assets, the Foundation will offer a fixed dollar return for life to the donor and/or other beneficiaries. The rate of payment will be dependent on age. A portion of the annual payment is tax free income to the donor, being considered return of principal, such portion determined at the time of gift and remaining unchanged. The Deferred Payment Gift Annuity, allows the donor to transfer assets now but receive annuity payments at a later date.

If appreciated property is donated, a portion of capital gain is taxable to the donor, depending on cost basis of the asset to the donor and actuarial value of the agreement.

Real estate shall not be accepted to fund a charitable gift annuity without consultation with the diocesan attorney to determine whether it is permissible under the applicable state laws.

The commitment to the annuitant is backed by all of the assets of the Foundation, not just the donor's gift. The Foundation will be using the uniform annuity rates as recommended by the American Council on Gift Annuities (ACGA). The uniform rates are computed on the basis of approximately 50 percent of the market value of each gift being available to the Diocese at the death of the last annuitant.

The uniform annuity rates as recommended by the American Council on Gift Annuities will be used, unless the donor decides to use a lower rate since the ACGA provides its recommendation using maximum rates.

Gift annuities shall not be issued for an initial amount of less than \$5,000 or for the life of an individual under 65 years of age. Exceptions to these limitations may be waived at the discretion of the Chancery.

At death of each annuitant, the principal will be removed from the invested funds and released for purposes as designated by the donor in the gift annuity agreement.

In the case of a deferred payment gift annuity, the period of deferral between the transfer for the deferred payment annuity and the date the annuity payments start shall be no more than 10 years.

Annuity agreements shall be written in conformity with the insurance code and regulations as required by the state of North Carolina.

Any exceptions to the above policies must be approved by the Diocese before execution of any agreement.

6.5 Life Estate Gifts – The Diocese, parish/school/agency shall not serve as trustee for a short-term trust or a revocable trust but will refer this type of agreement to a corporate trustee. If an individual opens a bank account in trust for the Diocese or a parish, the individual retains the right to close the account at any time.

6.6 Life Insurance – The naming of the Diocese, parish/school/agency as a beneficiary of an insurance policy implies no obligation on the part of the donee entity. However, transferring ownership to the Diocese, parish/school/agency obligates the donee entity to pay the policy premiums. As such, accepting ownership of a life insurance policy should only be done when the cash surrender value of the policy exceeds \$3,000. It is recommended that, upon receipt of a gift of ownership of a life insurance policy, it be surrendered for the cash value.

A donor may transfer title of their home, ranch or farm to the Diocese, parish/school/agency and retain a life estate therein along with the responsibility for expenses, such as real estate taxes and insurance, thus placing no obligation upon the

donee entity. The minimum age of a donor under such agreements should be no less than 55. Parishes may not accept such arrangements without approval of the Chancery.

6.7 Qualified Charitable Distributions – A qualified charitable distribution (QCD) is a nontaxable distribution made directly by the trustee of an IRA to an organization that is eligible to receive tax deductible contributions. A distribution from an IRA is deemed nontaxable to the individual when the distribution is contributed directly to the Diocese, parish/school/agency. Individuals who have attained the age of 70 ½ may make the contributions. The maximum amount per year is \$100,000. QCDs may be made from any IRA or individual retirement annuity, but not from a simplified employee pension, a simple retirement account or an inherited IRA. QCDs automatically satisfy required minimum distributions (RMDs) for the year when the QCD is made. To make the contribution, the donor should instruct the IRA trustee or custodian to issue a check from the IRA directly to the Diocese, parish/school/agency and notify the Diocese, parish/school/agency to expect the IRA donation. The distribution from the IRA is reported on the donor's Form 1040, but as a non-taxable distribution. There is no charitable deduction for the contribution.

The Diocese, parish/school/agency must give the donor a timely written acknowledgment of the payment, specifically stipulating that it was an IRA distribution received directly from the IRA custodian or trustee and that no goods or services were given in connection with the IRA distribution. The acknowledgement serves to substantiate the donor's claim that the distribution is excludable from income. The entire distribution must be paid to the charity with no quid pro quo. The exclusion applies only if a charitable deduction for the entire distribution would have been allowable. Thus, if the donor receives (or is entitled to receive) a benefit of any value in connection with the transfer to the Diocese from the IRA, the exclusion isn't available for any part of the IRA distribution.

7.0 Contracts and Gift Processing

Donor agreements should be considered for all gifts and are required for all restricted gifts that exceed \$10,000. These agreements assure that the intentions of the donors are documented and respected. All original correspondence and documentation should be forwarded to the Chancery within three working days after receipt of the gift. The agreement should contain the following information:

Donor's name and street address. If the gift is from other than an individual, e.g., corporation, foundation, association, etc., an individual's name and title should be reported in addition to that of the organization.

Nature of gift.

Amount of the gift and date the gift was received.

Designation (school, parish, ministry, trust, program).

Purpose (scholarship, institute, cost of education, general fund, historic preservation, etc.).

Other comments or special instructions.