

Legacy of Dao

Gift Acceptance Policies

Intent:

Gift Planning is a philanthropic program by which a donor can arrange a substantial gift to a charity for either a future or current need. The emphasis is on planning and is focused on meeting the needs and objectives of the donor, which usually involves a combination of financial, estate and tax planning.

Policy:

- Legacy of Dao seeks and may accept gifts in the form of cash, securities, or property, either as outright gifts or through planned gift instruments in accordance with Canada Revenue Agency (IRS)
- The following methods of giving are encouraged and will be promoted through the Gift Planning Program at Legacy of Dao:
 - Bequests by Will
 - Gift of Securities / Flow Through Shares
 - Gifts of Life Insurance
 - Charitable Remainder Trusts
 - Gifts of Residual Interest
 - Gift Annuities
 - Interest Free Loans
 - Gifts of Real Property
- Where appropriate before acceptance, relevant information about the gift shall be ascertained, including a copy of, where appropriate/required an appraisal secured by the donor. Legacy of Dao reserves the right to secure and rely on its own appraisal.
- Every gift will be used for the purpose for which it was given. Any promise of an acknowledgement or recognition of a gift will be respected.
- A receipt will be issued to the donor when the information or documentation is in accordance with IRS guidelines.
- All records about donations will be kept confidential. Any requests for anonymity will be respected.
- All fund agreements requiring execution by Legacy of Dao shall first be reviewed and approved as to form by the Executive Director and/or Treasurer/President.

Where substantially the same agreement is used repeatedly, only the prototype needs to be approved.

- Legacy of Dao shall adhere to Professional Codes of Ethics (see attached) as per: the Association of Fundraising Professionals (AFP).
- In those cases where acceptance of the gift imposes a financial obligation on Legacy of Dao, or where financial evaluations are required in order to issue a receipt or determine future values; the gift will not be accepted unless approved by the Executive Director or President.

DECLINING A GIFT:

At times, Legacy of Dao may choose to decline a gift. The following conditions justify such an action:

- If the gift constitutes a non-gift as per IRS,
- There are unusual features to the gift that are contrary to the objectives, values and goals of Legacy of Dao;
- The gift could financially or morally jeopardize the donor or Legacy of Dao;
- The gift or terms of the gift are illegal;
- Legacy of Dao is unable to honor the terms of the gift;
- An appropriate fair market value cannot be determined, or will result in unwarranted or unmanageable expense to Legacy of Dao;
- There are physical or environmental hazards to Legacy of Dao in accepting the offered gift;
- If the gift should bear liens, caveats that result in unmanageable expense to Legacy of Dao;
- The gift could jeopardize Legacy of Dao's charitable status;
- The gift could improperly benefit any individual, or
- There are conditions attached to the gift or an understanding sought by the donor, which are unacceptable to Legacy of Dao.

ADVICE:

- The advice of a lawyer and/or other appropriate professional counsel will be sought when necessary to ensure compliance with existing legislation and applicable regulations.
- As donor's needs and circumstances vary, all donors will be advised to have their gift plans reviewed by their own professional advisors.
- As a service to the donor, Legacy of Dao's lawyer may be asked to draft a giving instrument under which Legacy of Dao is the principal or sole beneficiary and Legacy of Dao would accept the responsibility for the fees incurred. In this case, Legacy of Dao shall recommend to the donor that he/she receive independent legal advice in reviewing the instrument.
- Alternatively, Legacy of Dao's lawyer will offer to assist the donor's legal counsel in drafting the instrument.
- In the case of instruments drafted by the donor's lawyer, Legacy of Dao reserves the right to have such instruments reviewed by Legacy of Dao's lawyer before they are accepted.

APPRAISAL GUIDELINES:

IRS requires satisfactory evidence of fair market value of gifts. Generally fair market is the price the property would bring in an open market transaction between a willing buyer and a willing seller, acting independently of each other, and each having full knowledge of the facts. An arm's length sale and purchase of the property, at or near the effective date of valuation, is normally considered the best proof of value at the time.

Where necessary, Legacy of Dao will seek assistance from a tax or valuation specialist in fixing value for receipt purposes.

Detailed IRS guidelines will be considered for unique gifts or for clarification regarding receipting.

DONOR GRIEVANCES:

Legacy of Dao provides a formal process to receive, document, and investigate complaints in a timely an equitable manner. This process will be communicated to donors and strictly adhered to. Complaints will be responded to within two (2) working days, employing the following:

- The Executive Director is the designated staff person responsible for receiving and responding to donor complaints.
- Complaints will be investigated and addressed thoroughly, professionally and as quickly as possible.
- Donors may further appeal the initial disposition of the complaint to the Directors of the Board, who will consider the matter and render a decision in writing.
- The Board of Directors will be informed annually of the number, type and disposition of complaints received from donors or prospective donors.

INFORMATION TO DONORS:

- Legacy of Dao will disclose all information (e.g. financial statements, governing policies, and annual reports) that will reasonably add to the public's understanding and confidence in Legacy of Dao's objectives and methods of fundraising.
- All communication with donors and potential donors will include a statement outlining the purpose of the fundraising appeal, as well as sufficient information to facilitate further inquiries about Legacy of Dao.
- Where appeals for funds are made for general use, fundraising solicitations will clearly identify examples of Legacy of Dao's work.
- Legacy of Dao's legal name and charitable registration number will be used in all solicitations to identify the agency with the Charities Division of the Canada Revenue Agency.
- Donors are entitled to receive:
 - Legacy of Dao's most recent annual report, and financial statements as approved by the Board of Directors,
 - Legacy of Dao's registration numbers as assigned by the Internal Revenue Service,
 - Any information outlined in the public portion of the most recent Charity Information Return as submitted to the Internal Revenue Service,
 - A list of the names of the Directors of the Board,
 - A copy of the Ethical Fundraising and Accountability Code
 - Information regarding the individual soliciting funds whether they are a volunteer, an employee of the agency, or a hired solicitor.

DONOR RECORDS:

To personally use and safeguard donor information, the following will be adhered to:

Relevance:

- Legacy of Dao will seek and record only information that is relevant to its fundraising efforts.

Honesty:

- Legacy of Dao will be truthful with regard to the identity of the agency and the purpose of all fundraising efforts.

Confidentiality:

- Confidential information pertaining to donors or prospective donors will be scrupulously protected, so that the relationship of trust between the donor and Legacy of Dao is upheld.

Accuracy:

- Legacy of Dao will record all data accurately. Such information must be verifiable or attributable to its source.

Collection:

- The collection and use of information will be done lawfully. Relevant government Acts regarding access, disclosure, collection and use of personal donor information will be adhered to.
- Only information which is relevant and necessary to fundraising efforts will be maintained.
- Information sought and recorded will only be of a public record

DISCLOSURE OF FUNDRAISING COSTS:

To ensure that fundraising costs are accurately portrayed and to ensure that the administrative and fundraising costs are kept to the minimum necessary to meet objectives and adhere to the Internal Revenue Service's guidelines, the following will be adhered:

- No more will be spent on administration and fundraising than is required to ensure effective management and resource development and to meet or exceed the Internal Revenue Service's requirement for expenditures on charitable activities (generally 80% of receipted donations to be spent on charitable activities).
- Allocations of expenditures to administration, fundraising, and program services will reflect Legacy of Dao's purposes, and shall conform to Generally Accepted Accounting Principles, and other guidelines adopted by American Institute of Chartered Accountants.
- Monthly statements will be reviewed to monitor alignment with budgeted allocation.
- The cost-effectiveness of Legacy of Dao's fundraising program will be reviewed annually by the Executive Director and the Board of Directors, and will enact necessary changes to ensure that the maximum amount possible is being applied to charitable activities, consistent with the long-term interests of Legacy of Dao.

DONOR OPTIONS:

Donors wishing to support Legacy of Dao may do so in any of the following ways:

a) Bequests by Will

For individuals who have made adequate provision for their heirs, encouragement is given to naming Legacy of Dao as a residual beneficiary. However, bequests of specific dollar amounts, publicly traded securities, or real property are also encouraged.

A donor may also include a contingency clause that provides a bequest to Legacy of Dao after the death of a named "last survivor". In this case, a donor may provide to Legacy of Dao all or a portion of the remaining estate following the death of the named beneficiary.

Bequests may include:

- A specific bequest, which provides Legacy of Dao a specified sum of money, or a stated percentage of an estate or specific property such as real estate or securities.
- A residual bequest which leaves all or a portion of an estate after providing for the beneficiaries.
- A contingency bequest which ensures that Legacy of Dao receives all or a share of the estate in the event of the prior death of certain other beneficiaries.

Donors will be advised to seek independent legal counsel in the drafting of their Will. It is understood that staff or members of Legacy of Dao will not become involved in the preparations, execution or witnessing of a Will in which Legacy of Dao is named as a beneficiary.

b) Gift of Securities/Flow Through Shares

Notice of intended gifts of Securities/Flow Through Shares shall be given to the Executive Director.

Upon notification, the donor will be requested to submit a letter of intent and to complete a Transfer of Securities form.

Guidelines for Implementation

A gift of this type is not considered complete until both the appropriate documentation and securities are received in the account designated for this purpose.

Responsibility for decisions relating to the process, timing and pricing for disposition of the securities are assigned to the Treasurer, who shall proceed on a timely basis with all sales in consultation with the President and Executive Director. If the Treasurer is not available, then primary responsibility is assigned to the President and Executive Director. As per Legacy of Dao Gift Acceptance Policies, a gift of securities may be declined (see Declining a Gift).

All risk attached to the security and value of shares shall remain with the donor until such time as acceptance of the shares has been communicated to the donor in writing.

For marketable securities the value of the receipt is determined by using the market value of the security at the close of business on the day the security is sold.

When there is no stock exchange trading of the securities received, the value of the securities will be determined by Legacy of Dao in consultation with its advisors and an independent valuation may be performed.

- In order to maximize benefits for both the donor and Legacy of Dao and to reduce risk to Legacy of Dao, securities will be sold as soon as practical following receipt
- The donor will be advised in writing of the value of their gift and charitable receipt, once it is determined

- The net proceeds from the sale of the securities will be directed to fund the activity designated by the donor

c) **Gifts of Life Insurance**

When an individual has taken out a life insurance policy (either “whole life” or “term life”) and later makes an absolute assignment of the death benefits of the policy to Legacy of Dao, this is considered to be a charitable donation, as long as rights, privileges, benefits or advantages do not accrue to the donor as a result of the gift (excluding, of course, any income tax relief as a result of the charitable donation).

The amount of the tax receipt depends on whether the policy is paid up and if the donor will continue to make premium payments.

There are various methods by which a life insurance policy may be contributed to Legacy of Dao. A donor may:

- Assign irrevocably a paid-up policy to Legacy of Dao;
- Assign irrevocably a life insurance policy on which premiums remain to be paid’
- Name Legacy of Dao as the primary or successor beneficiary of the proceeds.

When ownership is irrevocably assigned to Legacy of Dao, the donor is entitled to a gift receipt for the net cash surrender value, if any, and for any premiums subsequently paid. A donor can make a lump sum cash contribution to Legacy of Dao and specify that it be used to pay all premiums on a life insurance policy; this lump sum contribution is still a charitable donation.

Any of these types of life insurance gifts are acceptable to Legacy of Dao. In the event a policy is contributed on which the premiums remain to be paid, Legacy of Dao may choose to pay the premiums provided the donor makes equivalent contributions for that purpose.

If the donor subsequently ceases to pay the premiums on the policy, Legacy of Dao will examine the following options in order to maximize the benefit to Legacy of Dao:

- a) Determine if the cash surrender value of the policy is sufficient to purchase a paid up policy.
- b) Determine if the donor is willing to pay premiums on a policy of reduced face value.

- c) Determine if Legacy of Dao is willing to pay the premiums, taking into consideration the donor's life expectancy, present value of the policy's death benefit, and the donor's health.

Legacy of Dao may be named as beneficiary of any Life Insurance Policy and will issue a tax receipt to the estate of the donor upon receiving all or a portion of the death benefits.

d) Charitable Remainder Trusts

Legacy of Dao may consider for approval a trust in which Legacy of Dao is irrevocably named as beneficiary. Such trusts will be professionally managed with all management costs being the responsibility of the income beneficiary. Lifetime income will be provided to the donor and, on the expiration of the trust, Legacy of Dao will receive the principal from the Trust.

The charitable remainder trust is a form of a residual interest gift. The donor (settlor) transfers property to a trustee who holds and manages it. If the property is income producing, the net income will be paid to the donor and/or other named beneficiary. When the trust terminates (either at the death of the beneficiary (ies) or after a term of years), the trust remainder is distributed to Legacy of Dao. If the trust is irrevocable, the donor or donor's estate is entitled to a gift receipt for the present value of the residual interest.

The trust agreement shall be drafted by the donor's legal counsel.

e) Gifts of Residual Interest

Legacy of Dao may consider for approval gifts of residual interest. This includes irrevocable gifts of assets such as principle residence or a collection of art which will stay with the donor for a specified period of time or until the death of the donor.

The donor is entitled to a charitable tax receipt for the present value of the gift calculated in current dollar on the date the gift is accepted. This valuation is called discounted value, and is determined by actuarial calculations provided by IRS.

This type of gift requires that the property be irrevocably transferred to Legacy of Dao. The donor is then entitled to a charitable tax receipt for the discounted or present value of the residual interest owned by Legacy of Dao. The value of this receipt will not be as large as it would be if this were an outright gift of property to the charity, but the donor retains the right to use the property as if it were theirs until death.

Any costs associated with guaranteeing the integrity of the gift (i.e. insurance, maintenance, real estate taxes, utilities, etc.) are the responsibility of the donor.

Legacy of Dao retains the right to inspect the property from time to time to ensure that its interest is properly safeguarded. No additional tax benefits will be provided to the donor upon the transfer of the property.

f) Charitable Gift Annuities.

Donors may make irrevocable gifts to Legacy of Dao in exchange for immediate guaranteed payments to the donor for life at a specified rate depending on life expectancy. Such arrangements are considered to be annuity contracts and the annuity payments are included in computing the annuitant's income. The capital element of the annuity payments is considered to be tax free. Because of a charitable interest in Legacy of Dao, a donor may pay more for the annuity than the total amount expected to be received as annuity payments.

In such cases, the excess of the purchase price over the amount so expected to be returned is a gift and the individual is entitled to credit the amount of the gift. No portion of any annuity payment is taxable in the hands of the individual in these circumstances.

Conversely, if the donor's annuity payments are expected to equal or exceed the value of the initial gift, there has not been a charitable donation, and a charitable tax receipt should not be issued.

Any excess amount of money after the annuity has been purchased is recorded.

g) Interest Free Loans

Individuals able to give up the income from a capital asset for a set period of time but not wanting to lose that asset might consider making an interest free loan to Legacy of Dao. This type of loan is usually set up in one of the following two ways:

- Repayable within a specific period of time – i.e. 1 year, 5 year, 10 year.
- A demand loan repayable at any time donor requests payment.

This type of gift is established through an agreement specifying all the terms of the loan and signed by both the donor and the Executive Director. The principal of the loan must be repaid according to the agreed upon terms but Legacy of Dao can spend or invest the interest earned during the period of the loan.

With this type of gift, Legacy of Dao cannot issue a charitable tax receipt for either the principal or the interest and the donor is not taxed on the interest earned as long as the loan is outstanding.

h) Gifts of Property

Gifts of property having a speculative value will be accepted only after careful scrutiny by Legacy of Dao's legal and financial advisors. When such gifts are accepted a receipt will be issued under the IRS guidelines for the fair market value.

Appendix A

A DONOR BILL OF RIGHTS

Philanthropy is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

- I. To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.
- II. To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.
- III. To have access to the organization's most recent financial statements.
- IV. To be assured their gifts will be used for the purposes for which they were given.
- V. To receive appropriate acknowledgment and recognition.
- VI. To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.
- VII. To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.
- VIII. To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.
- IX. To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.
- X. To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.

Developed by:

American Association of Fund Raising Counsel (AAFRC)
Association for Healthcare Philanthropy (AHP) Council for Advancement and Support of Education (CASE)
Association of Fundraising Professionals (AFP)

Appendix B

STANDARDS OF PROFESSIONAL & ETHICAL PRACTICE

Recognizing the ideal of preserving and enhancing philanthropy, holding to the concept of an ethical stewardship of professional life which would bring credit to the gift planning profession, valuing the privacy, freedom of choice, and interests of all those affected by their actions, desiring to treat all people with dignity and respect, and actively encouraging all colleagues to embrace and practice ethical principles, the members of the Canadian Association of Gift Planners adhere to the following standards of professional and ethical practice.

I. Integrity of Planner

Procedures and practices undertaken by the Gift Planner shall bring credit to the Association by following accepted principles of sound business management and accounting procedures. Gift Planners shall, in all dealings with donors, institutions and other professionals, act with fairness, honesty, integrity, and openness.

II. Balance of Interests

The Gift Planner shall ensure that the gift planning process achieves a fair and proper balance between the interests of donors and the aims and objectives of charities in Canada.

III. Full Disclosure

The Gift Planner shall make every reasonable effort to ensure that the donor receives a full and accurate explanation of all aspects of the proposed charitable gift.

IV. Tax Incentives

The Gift Planner will provide appropriate and accurate explanations about tax incentives and implications of all donors' gifts. It is understood that governments have provided for charitable gift tax incentives, but emphasis in gifting should always be on the philanthropic motivation of the donor.

V. Confidentiality

The Gift Planner shall keep the personal and business information of donors and prospective donors confidential. Privileged information shall not be disclosed to unauthorized parties.

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VI. Compensation

Compensation paid to Gift Planners shall be reasonable and proportionate to the services provided. Payments of finder's fees, commissions, or other fees by a donee organization to an independent Gift Planner as a condition for the delivery of a gift are never appropriate. Such payments lead to abusive practices and may violate government regulations. Likewise, commission-based compensation for Gift Planners who are employed by a charitable institution is never appropriate.

VII. Conflict of Interest

Gift Planners shall disclose all potential conflicts of interest to the parties concerned. Except for compensation received for services, the nature of which has been disclosed to the donor, they shall have no vested interest in the gift to charity that could result in personal gain.

VIII. Relationships amongst Parties

It is essential to the gift planning process that the role and relationship of all parties involved, including how and by whom each is compensated, be fully disclosed to the donor. A Gift Planner shall not act or purport to act as a representative of any charity without the express knowledge and approval of the charity, and shall not, while employed by the charity, act or purport to act as a representative of the donor, without the express consent of both the charity and the donor.

IX. Review of Proposed Gift by Charity

Although Gift Planners frequently and properly counsel donors concerning specific charitable gifts without the prior knowledge or approval of the donee organization, the Gift Planner, in order to ensure that the gift will accomplish the donor's objectives, should encourage the donor, early in the gift-planning process, to discuss the proposed gift with the charity to which the gift is to be made. In cases where the donor desires anonymity, the Gift Planner shall endeavor, on behalf of the undisclosed donor, to obtain the charity's input in the gift planning process.

X. Exclusivity

Gift Planners shall manage all accounts entrusted to them solely for the benefit of the organizations or institutions being served.

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XI. Records and Donor Lists

Gift Planners shall hold confidential all lists, records and documents acquired in the service of current or former employers and clients. All files, lists, et cetera shall be left intact when the Gift Planner leaves an employer.

XII. Exploitation

Gift Planners shall not exploit any relationship established in their gift-planning role to further their personal or financial interests.

XIII. Competence and Counsel

Gift Planners shall strive to achieve and maintain a high degree of competence in their chosen area, and shall advise donors only in areas in which they are professionally qualified. In areas outside of their knowledge and expertise, Gift Planners should include other professionals in the process.

XIV. Independent Counsel

Gift Planners acting on behalf of a charity shall in all cases strongly encourage the donor to discuss the proposed gift with competent independent legal and tax advisers of the donor's choice. A Gift Planner shall fully comply with and shall encourage other parties in the gift planning process to fully comply with both the letter and spirit of all applicable federal, provincial, regional and local laws and regulations.

XV. Realistic Goals and Objectives

Gift planners shall recommend to the institutions they serve only those goals which they believe can be achieved on the basis of their professional experience and analysis of the potential.

XVI. Inappropriate Causes

Gift Planners shall not engage in raising funds for causes which would threaten or violate individual or collective human rights, harm the planet's ecosystem or promote conflict or preparation for war.

Appendix B – continued

XVII. Honoring Donors' Intentions

Gift Planners shall, to the best of their ability, ensure that contributions are used in accordance with donors' intentions.

XVIII. Accuracy of Communications

Gift Planners shall ensure that all materials, whether solicitations, proposals or reports, are accurate and correctly reflect the charity's mission and use of solicited funds.

XIX. Reporting of Alleged Violations

As it is in the interest of both society and the profession, Gift Planners shall report any violations of the standards of professional and ethical practice by a fellow member to their professional Association's Ethics and Standards Committee. There shall be no recrimination against the reporter.

Appendix C

AFP STATEMENT OF PROFESSIONAL STANDARDS & CONDUCT

All members shall comply with the Association's Statement of Professional Standards and Conduct:

The Association of Professional Fundraisers (AFP) exists to foster the development and growth of fund-raising professionals and the profession, to preserve and enhance philanthropy and volunteerism, and to promote high ethical standards in the fund-raising profession.

To these ends, this code declares the ethical values and standards of professional practice which AFP members embrace and which they strive to uphold in their responsibilities for generating Philanthropic support.

Members of the Association of Professional Fundraisers (AFP) are motivated by an inner drive to improve the quality of life through the causes they serve. They seek to inspire others through their own sense of dedication and high purpose. They are committed to the improvement of their professional knowledge and skills in order that their performance will better serve others. They recognize their stewardship responsibility to ensure that needed resources are vigorously and ethically sought and that the intent of the donor is honestly fulfilled. Such individuals practice their profession with integrity, honesty, truthfulness, and adherence to the absolute obligation to safeguard the public trust.

Furthermore, AFP members

- Reserve the ideal of philanthropy, are committed to the preservation and enhancement of volunteerism, and hold stewardship of these concepts as the overriding principle of professional life;
- Put charitable mission above personal gain, accepting compensation by salary or set fee only;
- Foster cultural diversity and pluralistic values and treat all people with dignity and respect;
- Affirm, through personal giving, a commitment to philanthropy and its role in society;
- Adhere to the spirit, as well as the letter, of all applicable laws and regulations;

Appendix C - continued

- Bring credit to the fund-raising profession by their public demeanor;
- Recognize their individual boundaries of competence and are forthcoming about their professional qualifications and credentials;
- Value the privacy, freedom of choice, and interests of all those affected by their actions;
- Disclose all relationships which might constitute, or appear to constitute, conflicts of interest;
- Actively encourage all their colleagues to embrace and practice these ethical principles;
- Adhere to the following standards of professional practice in their responsibilities for generating philanthropic support.

Gift Planning Glossary of Terms

Adjusted cost base (or basis): the amount paid for property, increased capital improvements and decreased by depreciation.

Annuity: a contracted right to receive payments of a specific amount at stated intervals for life, or for a term of years, in consideration of a transfer of cash or other assets.

Appreciated property: property, such as securities, real estate, and artworks, whose current fair market value exceeds the purchase price.

Beneficiary: the person or organization that receives a bequest under a will, death benefits from a life insurance policy, or payments from a trust.

Bequeath: to leave a property to a beneficiary by means of a will.

Bequest: a gift of property through a will to a particular beneficiary. Also called a legacy.

Capital: with reference to a trust, the cash principal upon which income is earned.

Cash surrender value: the cash paid by an insurance company to the owner of a policy when the policy is terminated prior to the death of the insured.

Certified cultural property: an artwork, artifact, or structure that, if approved by the Canadian Cultural Export Review Board, qualifies for special tax treatment when donated to a qualified charity.

Charitable gift annuity: a fixed sum of money paid by a charity, at certain intervals, for the life of the annuitant(s), or for a term of years, in exchange for a donation of cash or other property.

Charitable remainder trusts: an irrevocable trust that pays income to one or more individual beneficiaries for life or a term of years, and then distributes the remaining assets to one or more charities.

Codicil: is a separate document in which changes to the will are legally made and then the will and the codicil together form the new will of the individual.

Death benefit: the amount payable by an insurance company to the beneficiary (ies) at the death of the insured.

Deferred gift: any charitable gift arrangement where the charity's use of the asset is delayed to some future time.

Gift Planning Glossary of Terms – continued

Endowment: a principal sum permanently set aside and invested by a charity, with only the income used for charitable purposes.

Estate: everything that a person owns or has an interest in.

Fair market value: the price at which a fully informed seller, who is under no compulsion to sell, would be willing to sell an asset to a fully informed buyer, who is under the compulsion to buy.

Gift-in-kind: a gift of property other than cash (e.g. gift of securities, real estate, or art).

Gift plus annuity: another name for a reinsured gift annuity.

Interest free loan: a loan (sometimes made to a charity) on which the lender receives no interest.

Irrevocable trust: a trust that cannot be terminated or changed by the person creating it.

Legacy: a designation of property under a will. Also called a bequest.

Monetize: to redeem for cash.

Present gift: a gift which is available for the charity to use now.

Present value: the sum of money which, if invested at a certain rate of compound interest, will accumulate to a certain value by a specified date. In the case of a charitable remainder trust or a gift of a residual interest, the amount for which a donation receipt may be issued.

Probate: the court-supervised process of validating a will and administering an estate in accordance with the terms of the will.

Remainder interest: the right to receive the remaining property when a trust terminates.

Residual bequest: a testamentary gift of all or a percentage of what remains of the estate after paying other bequests and expenses.

Residual interest: the right to receive property when the rights of one or more persons to use the property have expired.

Gift Planning Glossary of Terms – continued

Revocable trust: a trust that can be terminated or changed by the person creating it.

Specific bequest: a testamentary gift of a specific amount of money or of particular property.

Trust: an arrangement under which an individual (the settler) transfers property to a person or institution (the trustee) to be managed for the benefit of one or more beneficiaries.

Universal life insurance: a combination of yearly renewable term insurance and a tax-deferred investment account. It pays a death benefit and builds up cash value, but the amount of cash value depends on the performance of investments that have been selected.

Whole life insurance: a policy that remains in force for the entire life of the insured so long as premiums (usually level) are paid. A whole life insurance policy builds up cash value.

Will: a legal declaration of how a person's property is to be distributed at death.