

Charitable Gift Annuities

Organization – Unofficial Agencies

EWU Policy 103-01

Effective: March 25, 2011

Authority: EWU Board of Trustees

Proponent: Vice President for Business and Finance

Summary: This policy establishes the authority under which Charitable Gift Annuities may be issued for Eastern Washington University.

History: This policy was originally adopted by the EWU Board of Trustees on Oct 12, 2007. This revision was adopted by the Board on March 25, 2011.

CHAPTER 1 – GENERAL

1-1. Purpose

The purpose of this policy is to authorize EWU to issue charitable gift annuities.

1-2. Description

The board of Eastern Washington University is authorized to issue charitable gift annuities (CGA's) to residents of the state of Washington pursuant to RCW 28B.10.485 and is exempt from regulation by the state insurance commissioner (RCW48.23.010).

The obligation to make annuity payments is not an obligation of the state nor is it a general obligation of the university (RCW28B.10.487). The obligation to make annuity payments is secured by and limited to the assets given in exchange for the annuity and reserves established by the board. The CGA is a legal contract with EWU that provides for a fixed lifetime income to the annuitant or another beneficiary while providing for a future gift to the university. One hundred percent (100%) of the CGA assets shall be invested for the lifetime of the respective annuitants to meet liabilities that result from the gift program.

CHAPTER 2 – FINANCIAL

2-1. Rates

The applicable federal rates as established by the internal revenue code will be used in all contracts. The university may use up to a maximum two month look back for the applicable federal rate in the month that the contract is signed and funds are received. The annuity payout rate offered will not exceed the American Council on Gift Annuities (ACGA) rate schedule for the month in which the contract is signed and funds are received. The ACGA rate schedule is to provide an average residuum of 50 percent of the original contribution.

2-2. Minimums/Maximums

The minimum age for either a one-life or a two-life CGA is 50.

The minimum gift principal is \$10,000, with no maximum amount.

2-3. Tax Treatment

There are several tax consequences associated with the creation of a charitable gift annuity. Prospective annuitants will be advised to seek independent counsel.

2-4. Investments

One hundred percent (100%) of the CGA assets shall be invested for the lifetime of the respective annuitants to meet liabilities that result from the gift program.

CGA funds shall be managed following the "Prudent Investor Rule" and the EWU Investment Policy. Funds will be managed to insure annuity payment streams through expected maturities, with projected total annual return of a minimum of 6% over the years.

2-5. Residuum

At the termination of the CGA, the remainder goes to Eastern Washington University for its general uses and purposes unless otherwise stated and agreed to.

2-6. Approval of Charitable Gift Annuity Contracts

Charitable gift annuity contracts that meet this policy and are entered into in exchange for cash shall be approved by the President or designee, except that any gift of \$250,000 or more must be approved by the EWU Board of Trustees.

Charitable gift annuity contracts that meet this policy and are entered into in exchange for assets other than cash, require approval by the EWU Board of Trustees.

2-7. Annual Report

The Vice President for Business and Finance, or designee, shall provide an annual report of CGA activity and status to the EWU Board of Trustees.