



# Gift Acceptance Policy

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## Mission Statement and Purpose of Gift Acceptance Policy

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The mission of The Rotary Foundation (the “Foundation”) is to enable Rotary members to advance world understanding, goodwill, and peace through the improvement of health, the support of education, and the alleviation of poverty. The Foundation is headquartered at 1560 Sherman Avenue, Evanston, IL 60201-3698, USA. Its U.S. federal tax identification number is 36-3245072.

The purpose of the Foundation’s Gift Acceptance Policy (the “Policy”) is to govern the acceptance or nonacceptance of proposed gifts and to provide guidance to donors and their professional advisers. All gifts are to be considered for acceptance in accordance with the policies in this document and with any other policies or procedures established by the Foundation.

The scope of this Policy is limited to acceptance or nonacceptance of proposed gifts; it is not intended to cover disposition of property owned by the Foundation or recognition of donors.

## Gift Acceptance Policy for Gifts from Non-U.S. Donors

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The Foundation is an international organization. It is able to accept, or consider for acceptance, contributions of cash and property from donors globally to varying degrees.

Regardless of the donor’s country of residence or whether the gift is to be made directly to the Foundation or through an associate foundation of The Rotary Foundation, acceptance of a gift of any kind must comply with the policies and procedures established by the Trustees, including but not limited to those outlined in this Policy as amended periodically. The acceptance of a gift of any kind to an associate foundation must comply with all local laws, and transfer of the assets to the Foundation cannot violate any U.S. or local laws.

The associate foundations of The Rotary Foundation are:

- The Australian Rotary Foundation Trust
- Rotary Foundation Australia (PBI) Limited
- Associação Brasileira da The Rotary Foundation
- The Rotary Foundation (Canada)
- Rotary Deutschland Gemeindienst e.V.
- Deutsche Rotarische Stiftung
- Rotary Foundation (India)
- Public Interest Incorporated Foundation — Rotary Foundation Japan
- Rotary Foundation Korea
- Rotary Foundation of the United Kingdom

The international offices of Rotary International are: Brazil, Europe/Africa, Japan, Korea, South Asia, and South Pacific and Philippines.

All monetary amounts in this Policy are in U.S. dollars and all references to “the IRS” are to the United States Internal Revenue Service. Donors should seek counsel from their local Foundation representative or the appropriate associate foundation or international office for instructions on how to make their gifts.

## Use of Legal Counsel

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The use of tax and/or legal counsel by the donor and the Foundation is advantageous to both parties. The Foundation cannot serve as both the donor's adviser and the recipient of the donor's gift. Therefore, donors are advised to consult independent tax or legal counsel before making gifts to the Foundation.

### Donor's Use of Legal Counsel

It is the donor's responsibility to retain appropriate independent tax and legal counsel in these transactions. Before signing gift agreements, such as gifts of partial interests, charitable gift annuities, charitable remainder trusts, and charitable lead trusts, counsel for the donor will be given the opportunity to review and approve the documents.

### The Rotary Foundation's Use of Legal Counsel

Split-interest gifts and outright gifts of assets other than cash or publicly traded securities will be reviewed in advance by Rotary International's Office of the General Counsel. Under certain circumstances, the Office of the General Counsel will retain outside legal counsel to assist with the evaluation of potential gifts.

## Gift Definition

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A gift is defined as a voluntary transfer of assets from a person or an organization to the Foundation. Gifts are usually in the form of, but are not limited to, cash, securities, real estate, or personal property.

The following criteria generally identify gifts:

- Gifts are motivated by charitable intent.
- Gifts are irrevocable transfers of assets.
- Gifts are not generally subject to an exchange of consideration or other contractual duties between the Foundation and the donor, except for certain split-interest gifts as set out in this Policy, although objectives may be stated and funds may be restricted to a specific purpose.

Donors are not provided with formal financial accountings. A general report to the donor stating the use or impact of the gift is appropriate and may be desirable, especially in the case of named gifts to the Endowment Fund, the Foundation's endowment.

Generally, funds received from individuals, closely held corporations, and family foundations will be classified as gifts. Funds received from corporations, corporate foundations, and major foundations will be classified as gifts unless the Foundation has entered into a gift agreement that requires specific actions or other consideration.

A gift is not completed until it has been accepted by the Foundation. The Rotary Foundation reserves the right to decline any gift.

## Gift Designation

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When received without donor instructions, gifts of \$10,000 or more will be placed in the Endowment Fund, with the annual spendable earnings directed to the World Fund.

## Types of Acceptable Gifts

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### Outright Gifts

An outright gift involves the donor's voluntary and intentional transfer of money or assets to the Foundation without expectation of receiving a benefit related to the value of the transfer. Although the donor may place restrictions on the use of the gift, the donor may not retain control over the money or property transferred to the Foundation. Examples of outright gifts include cash and cash equivalents, securities, tangible personal property, and some real estate gifts.

### Cash and Cash Equivalents

**Cash and Checks** — Cash and checks may be accepted regardless of the amount. The value of any cash or check is its face value. Checks must be made payable to The Rotary Foundation or the local associate foundation. Donors should consult their local Rotary Foundation representative or the appropriate associate foundation or international office for address information before making a gift.

**Electronic Funds Transfers** — Funds may be transferred electronically to The Rotary Foundation or the local associate foundation. Donors should consult a representative of their financial institution to make contributions via electronic transfer. Donors should also notify the Foundation when such transfers are initiated, in order to ensure that proper electronic transfer information, appropriate and timely gift acknowledgment, and correct gift credit are given. Instructions for electronic funds transfers are available upon request.

**Rotary Direct** — Rotary Direct is the Foundation's online program that enables donors to give recurring gifts. Participants may select an amount, frequency (monthly, quarterly, or annually), and contribution method. Enrollment is integrated with the Foundation's secure online contribution system. The Rotary Foundation will send the donor an annual statement of Rotary Direct contributions for tax purposes where applicable.

**Credit Card Contributions** — Secure credit card contributions may be made through [rotary.org/donate](https://rotary.org/donate), by phone where applicable, or by using The Rotary Foundation Contribution Form (123), which can be found at the bottom of [rotary.org/donate](https://rotary.org/donate). Please do not transmit credit card information by email.

### Securities

Securities that are actively traded on recognized stock exchanges in the United States and Canada will be accepted as gifts to the Foundation in accordance with the policies described below. Securities traded on other stock exchanges and other readily marketable securities, including bonds, mutual funds, and closely held stock, will be evaluated and accepted if it is in the best interest of the Foundation. Securities given to the Foundation will be liquidated as soon as possible.

**Publicly Traded Securities** — The Foundation will value a gift of securities as the average of the high and low of the stock(s) or bond(s) on the day the securities are received in the Foundation's brokerage account. The value of less actively traded securities, rarely traded securities, or securities that do not trade on the gift date may be determined according to the rules delineated in IRS Publication 561<sup>1</sup> or the equivalent in Canada.

The Foundation should be notified in advance about the securities being transferred, the number of shares, the intended gift date, and the designation of the gift (for example, the Annual Fund, Endowment Fund, or PolioPlus). If a donor is not identified, the gift will be allocated to the Annual Fund-World Fund if it is less than \$10,000 and to the Endowment Fund-World Fund if it is \$10,000 or more.

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<sup>1</sup> [irs.gov/pub/irs-pdf/p561.pdf](https://www.irs.gov/pub/irs-pdf/p561.pdf)

Securities may be transferred electronically to the Foundation's brokerage account in the United States and Canada. Donors should contact their Foundation representative for transmittal instructions. Please contact a Foundation representative if you wish to arrange to donate physical stock certificates that are in your custody.

**Mutual Fund Shares** — Mutual fund shares may be accepted by the Foundation. In most cases, the Foundation's gifted securities brokerage accounts can accept and liquidate mutual fund shares. However, if they cannot, the Foundation must open an account with another institution in order to accept the shares. Aspects of this process are beyond the Foundation's control and can require several weeks to complete. Therefore, donors are advised to allow at least two to three weeks for such transactions. The Foundation reserves the right to decline a gift of mutual fund shares if the administrative costs are excessive.

To initiate a gift of mutual fund shares, the Foundation must be notified of the mutual fund shares being given, the name of the institution at which the shares are held (a brokerage firm, a financial institution, or the mutual fund company itself), the number of shares, the intended gift date, and the intended use of the gift (for example, the Annual Fund, Endowment Fund, or PolioPlus). If the shares are held at the mutual fund company, the donor and the Foundation must follow the steps that company requires for transfer of ownership of the shares. In all cases, the shares will be liquidated as soon as possible after transfer into the Foundation's account.

The fair market value of mutual fund shares will be determined by the public redemption price of the shares on the date the shares are received into the Foundation's account. If such a price is not readily available, then the value will be determined as if the shares were non-publicly traded securities in accordance with IRS rules currently in Publication 5612 and the equivalent in Canada.

**Closely Held Securities** — Closely held or non-publicly traded securities may be accepted only after prior review and approval by the Gift Acceptance Committee.

Valuation of closely held securities may be challenging because of infrequent trading, which makes it difficult to establish a fair market value. The Foundation will consider gifts of closely held securities only in amounts of \$10,000 or more.

The following documentation must be provided to the Foundation before a gift of closely held securities will be considered for acceptance:

- A qualified independent appraisal as defined in the Internal Revenue Code and IRS Publication 561 and the equivalent in Canada
- Copies of any shareholder buy/sell agreements
- Copies of restrictions on the transfer contained in the bylaws and/or reflected on the stock certificates

Donors should consult their own counsel and review IRS Publication 561<sup>2</sup> or the equivalent in Canada, which describes in detail the protocol for appraisers and the content of appraisals, to establish the value of their gift for tax purposes.

## Gifts of Real Estate

Gifts of real estate may include land both improved and unimproved, detached single-family residences, condominiums, apartment buildings, rental property, commercial property, farms, and gifts subject to a retained life estate.

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<sup>2</sup> [irs.gov/pub/irs-pdf/p561.pdf](https://www.irs.gov/pub/irs-pdf/p561.pdf)

Upon review and approval by the Gift Acceptance Committee, the Foundation may accept ownership of outright gifts of real estate with a minimum appraised value of \$25,000 when undeveloped and \$100,000 when developed. In accordance with this Policy, the Foundation will liquidate such gifts as soon as possible after receipt (except in the case of gifts subject to a retained life estate).

To be considered acceptable, potential gifts of real estate should meet the following criteria:

- They should be of sufficient value so that the Foundation will ultimately realize significant benefit from the gift, considering the legal, administrative, and other costs likely to be incurred by the Foundation in accepting the real estate.
- They should be readily marketable at or close to the appraised value.
- They should be able to be liquidated based on current market conditions.
- They should be free from any liens, loans, mortgages, or other special conditions that would cause the Foundation to incur significant potential additional expense, risk, or liability, or that would restrict the Foundation's ability to use the property in any manner it determines best for furthering the purposes of the Foundation, or that would place undue burdens on the Foundation in maintaining the gift prior to sale.

Proper documentation must be provided to the Foundation before a gift of real estate may be considered. The Foundation requires the following information in order to consider acceptance of a gift of real estate:

- A completed Gift of Real Estate — Preliminary Evaluation form, available on request
- A title insurance commitment showing a marketable title in the donor's name, free and clear of unacceptable encumbrances, issued by a title insurance company deemed acceptable by the Foundation
- A qualified appraisal (see additional comments below)

The Foundation may also require one or more of the following before considering a gift of real estate, depending on the type of real estate:

- A phase one environmental audit by a qualified engineer indicating that ownership will not expose the Foundation to environmental liabilities
- A market feasibility study for the property
- An American Land Title Association survey of the property by a registered land surveyor, or equivalent if outside the U.S.
- Evidence of compliance with the Americans with Disabilities Act (when applicable)
- A structural engineering report (when applicable)
- A review of any leases and corresponding documents, including but not limited to proof of tenant's insurance
- A disclosure statement for residential property (when applicable), including any mineral, oil, or gas rights

It is the responsibility of the donor to pay all costs incurred in the transfer of the property, including the cost of complying with any of the Foundation's requirements outlined above.

Under applicable IRS regulations, a donor must pay for any initial appraisal of the property. The appraisal must be made within 60 days before the date of the transfer, and before the filing of the tax return on which the deduction is first claimed.



Donors must complete IRS Form 8283.<sup>3</sup> If the Foundation sells a gift of real estate within two years of receipt, the sale will be reported to the IRS through submission of Form 8282. In such cases, a copy of Form 8282 will be provided to donors. In considering gifts of real estate, donors are advised to consult with a professional adviser regarding the related use rules that apply to such gifts and their tax deductibility.

It is the donor's responsibility to obtain a "qualified appraisal," as defined by the IRS. The Foundation makes no representation that an appraisal submitted by or on behalf of a donor for a potential gift is a qualified appraisal. If a gift of real estate or tangible personal property, or the like, is accepted by the Foundation based on the submission of an appraisal, the acceptance of the gift will not be construed to be an approval of the appraisal or a ratification that it is a qualified appraisal.

### **Gifts of Real Property With Retained Life Estates or Other Restrictions or Limitations**

A gift of real property with a retained life estate is a full transfer of the title of a personal residence or farm to the Foundation with the donor or another person retaining use of the property for a term of years or for the life or lives of the donor and/or another person.

Such gifts are subject both to the general conditions and to the guidelines for acceptance of outright gifts of real estate as set forth in this Policy ("Gifts of Real Estate"). The agreement creating the life interest must provide that the donor and/or life tenant will remain responsible for the payment of mortgages, taxes, insurance (property insurance with The Rotary Foundation as loss payee; general liability insurance with the Foundation as additional insured; and other appropriate insurance as determined by the Foundation); utilities, maintenance and repairs, general upkeep, and all other costs associated with the property, unless other specific provisions are made for the payment of these expenses. Proof of payment for applicable items and certificates of insurance may be required by the Foundation. Donors shall not violate or allow to be violated any environmental laws or ordinances that apply to the property.

### **Bargain Sales**

A bargain sale is a sale of property to the Foundation for an amount less than the property's current fair market value as determined by a recent qualified appraisal. The excess of the value over the sale price represents a contribution to the Foundation. Ordinarily, the purchase price for the property should not exceed 60 percent of its appraised value. The bargain sale price may be paid either in a lump sum or in installments. Restrictions as to the type of asset set forth above must also be met.

The Foundation, upon review and approval by the Gift Acceptance Committee, may purchase real estate, securities, or other property through bargain sales.

### **Tangible Personal Property (accepted with intent to sell)**

Tangible personal property is an asset that can be touched, handled, or moved by an individual (as opposed to intangible assets such as ownership in a company). The most common types of tangible personal property assets include art, jewelry, coin or stamp collections, furniture, or any similarly unique asset or collectible owned by a donor.

The Foundation may accept gifts of tangible personal property upon review and approval by the Gift Acceptance Committee. However, gifts of automobiles, boats, airplanes, and motorcycles are not accepted by the Foundation.

The Foundation will attempt to liquidate gifts of tangible personal property upon receipt.

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<sup>3</sup> [irs.gov/instructions/i8283/ch02.html](https://www.irs.gov/instructions/i8283/ch02.html)

Generally, gifts of tangible personal property may be accepted if they (1) meet the Foundation's minimum gift value requirements, (2) are readily marketable, and (3) are free and clear of encumbrances. Gifts of tangible personal property must be of sufficient value to cover holding, maintenance, sale, and administrative costs. If all other guidelines are met, the Gift Acceptance Committee will consider gifts of jewelry valued at \$10,000 or more and gifts of artwork and collectibles valued at \$25,000 or more.

Other criteria for acceptance of the proposed gifts of tangible personal property include the following:

- The type of gift the donor intends to fund with the property — for example, most personal property is not appropriate for funding gift annuities or pooled income funds, or charitable remainder trusts
- Whether the property is readily marketable and what additional costs may be involved with the sale of the property
- Whether the donor has requested any restrictions on the use, display, or sale of the property
- Whether the donor is aware of the Foundation's policy of selling such gifts as soon as possible after receipt
- Whether the donor is willing and able to finance the packing, shipping, and in-transit security, insurance, and other costs associated with transferring the gift to the Foundation

The Foundation requires that personal property be insured at the donor's expense until it is delivered safely and the transfer of ownership is complete.

Donors who intend to give tangible personal property to the Foundation must submit a gift proposal in writing. The proposal must include a description of the gift, proof of ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date.

Donors must complete IRS Form 8283.<sup>4</sup> If the Foundation sells a gift of tangible personal property within two years of receipt, the sale will be reported to the IRS through submission of Form 8282. In such cases, a copy of Form 8282 will be provided to donors. In considering gifts of tangible personal property, donors are advised to consult with a professional adviser regarding the related use rules that apply to such gifts and their tax deductibility.

### Gifts in Kind (retained for Foundation use)

Furniture, equipment, medical supplies, computer hardware and software, and Rotary memorabilia are examples of gifts in kind that may be considered for acceptance by the Foundation. The Gift Acceptance Committee will consider such gifts on a case-by-case basis.

Depending on the nature of the gift, there may be associated maintenance, storage, shipping, and insurance costs. Generally, the Gift Acceptance Committee will use the following criteria to determine whether a gift in kind will be accepted by the Foundation:

- Whether the property furthers the mission or enhances the history of The Rotary Foundation
- Whether the donor has requested any restrictions on the use or display of the property
- Whether the donor is willing and able to finance the packing, shipping, and in-transit security, insurance, and other costs associated with transferring the gift to the Foundation

The Foundation requires that a gift in kind be insured at the donor's expense until it is delivered and the transfer of ownership is complete.

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<sup>4</sup> [irs.gov/instructions/i8283/ch02.html](https://www.irs.gov/instructions/i8283/ch02.html)

Donors who intend to give gifts in kind to the Foundation must submit a gift proposal in writing. The proposal must include a description of the gift, proof of ownership, the donor's cost basis, date of acquisition, and a qualified appraisal performed within 60 days of the gift proposal date. In addition, the donor must provide a written document clearly identifying the property (describing the items in detail) and stating the donor's clear intent to transfer all rights of ownership to the Foundation.

In considering such gifts, donors are advised to consult with a professional adviser regarding the related use rules that apply to such gifts. Unless it can be determined that the item being donated will be used by the Foundation to further its mission, a donor's deduction will generally be limited to the lesser of his or her cost basis and the fair market value of the property.

### Other Nontraditional Asset Gifts

Gifts of nontraditional assets are complicated and can carry with them additional risks and costs to both the donor and the Foundation. This Policy is meant to ensure that the Foundation makes prudent decisions that maximize the benefit of these gifts to Foundation programs.

**Intellectual Property** — The Foundation will consider gifts of intellectual property such as royalties, copyrights, patents, contract rights, and similar intangible interests only upon approval by the Gift Acceptance Committee. The committee will consider the appraised value of the intellectual property, the administrative costs involved in accepting such a gift, and whether the donor agrees to assign all rights related to the intellectual property.

Criteria for acceptance of a gift of intellectual property include the following:

- Whether the intellectual property furthers the mission of the Foundation
- Whether ownership of the intellectual property right can clearly be transferred or assigned to The Rotary Foundation
- Whether the intellectual property right is a full or fractional interest
- Whether the interest is worth more than \$5,000, the minimum for the Gift Acceptance Committee to consider such a gift
- Whether any costs are associated with acceptance of the intellectual property right
- Whether the donor has requested any restrictions on the retention or use of the property

**Oil, Gas, and Mineral Interests** — Because the Foundation's headquarters is not located in an active mineral-interest state, and these interests are generally difficult to sell and unpredictable in income generation, the Foundation may accept oil and gas property interests only upon approval by the Gift Acceptance Committee.

Criteria for acceptance of proposed gifts of oil, gas, and mineral interests include the following:

- Gifts of surface rights must have a minimum value of \$25,000.
- Gifts of oil, gas, and mineral interests must generate at least \$3,000 per year in royalties or other income (as determined by the average of the three years preceding the gift).
- The property must not have extended liabilities or other considerations that make receipt of the gift inappropriate (the Foundation may consult a professional adviser for further review).
- The donor must provide an environmental review to ensure that the Foundation has no current or potential exposure to environmental liability.

**Timeshare Units** — Because of the limited value and market, as well as the inherent expenses associated with timeshare units, the Foundation will not consider a gift of this nature unless it has an estimated fair market value of \$100,000 or more. The Foundation may accept gifts of timeshare units of this value only upon approval by the Gift Acceptance Committee. Donors who intend to donate a timeshare unit to the Foundation must make their gift proposal in writing. The proposal must include a description of the gift, proof of ownership, and a qualified appraisal performed within 60 days of the gift proposal date.

## Life Income Gifts (split-interest gifts)

### Charitable Gift Annuities

A charitable gift annuity is an agreement between the donor and the Foundation by which the donor agrees to make an irrevocable contribution of cash or property and the Foundation agrees, in return, to provide the donor or a named beneficiary (“annuitant”) with a fixed payment (annuity). Annuity payments never change in amount or frequency during the life of the annuitant. The payments are backed by the Foundation’s available assets.

The Foundation usually follows the annuity rates recommended by the American Council on Gift Annuities. The number of annuitants, their ages, and the date the payments begin will determine the annuity rate. Generally, the longer the donor waits for the annuity to begin payment, the higher the annuity rate.

There is a maximum of two annuitants for each annuity, and they must be at least 50 years of age at the time of the gift. The minimum amount required to establish a gift annuity is \$10,000. The charitable receipt for tax purposes is based on IRS calculations that determine the probable amount that will benefit Foundation programs and is less than the face value of the gift.

### Charitable Lead Trusts

A charitable lead trust is an irrevocable agreement in which the income, or lead interest, earned on the principal amount contributed is paid to the Foundation, and the remainder interest is given to one or more individuals. The amount paid to the Foundation may be either a fixed sum (an annuity trust interest) or a percentage of the trust assets as valued each year (a unitrust interest). At the conclusion of the payment period, the trust assets are returned to the donor or to someone designated by the donor, with the possibility of significant tax benefits for heirs or transferees.

The Foundation may serve as trustee of a charitable lead trust if the value of the trust is at least \$250,000 and the proposed trust is approved by the Gift Acceptance Committee. Donors may name the Foundation as an income beneficiary of a charitable lead trust without prior approval.

### Charitable Remainder Trusts

A charitable remainder trust is an irrevocable trust that provides for a specified distribution to the donor or other individuals named by the donor for a term of years or lives. Upon termination, all remaining trust assets pass to the Foundation.

Several variations of the unitrust exist. These include a flip unitrust, which is generally used by the Foundation for charitable remainder trusts funded with real estate.

The Foundation may serve as trustee of a charitable remainder trust to which the initial contribution is at least \$100,000 and in which the Foundation is named as the sole charitable beneficiary. If the income interest is for life, the beneficiary or beneficiaries must be at least 50 years of age at the time the gift is made, and there may be no more than two beneficiaries. The value of the charitable contribution for tax purposes is based on IRS calculation that determines the possible amount the Foundation will receive and is less than the face value of the gift.

**A charitable remainder annuity trust** pays a fixed annual amount to the income beneficiary or beneficiaries, which must be at least 5 percent of the fair market value of the assets initially contributed to the trust. No additional gifts may be made to the annuity trust after its creation.

**A charitable remainder unitrust** pays the income beneficiary or beneficiaries a fixed percentage (at least 5 percent) of the fair market value of trust assets, as valued annually. Because the value of assets will change from year to year, the amount of the unitrust payment will also vary each year. Additional contributions may be made to the trust after it is established if the trust agreement allows them.

### **Pooled Income Fund**

Under the terms of The Rotary Foundation Pooled Income Fund (“Fund”), donors can make a gift of cash or publicly traded securities to the Fund. In return, units in the Fund are assigned to donors, or designated beneficiaries, who will receive all income from those units for life. Donors may name one or two income beneficiaries, who must be at least 50 years of age at the time the gift is made.

All assets contributed to the Fund are pooled or commingled for investment purposes. The amount of quarterly income paid to Fund beneficiaries is based on the fair market value of the gift and the variable rate of return that the Fund produces.

The minimum initial gift amount for participation in the Pooled Income Fund is \$5,000. Subsequent additions may be made in increments of \$1,000 or more.

## **Estate Gifts (testamentary gifts)**

Estate gifts are generally arranged during the donor’s lifetime, with the transfer of assets taking place after the donor’s death. When practical, any estate gift that would require approval of the transfer of the asset should be reviewed and approved by the Foundation prior to the commitment being finalized. Donors are advised to consult with the Foundation regarding how to designate the gift and to discuss any restriction being considered.

### **Bequests**

A bequest to the Foundation is a gift made in the donor’s will, revocable trust, or a similar estate planning document that effects a transfer at death. Popular designations that benefit the Foundation include a gift of a specific amount, a percentage of the estate, or the remainder of an estate.

Direct, unencumbered gifts will be accepted by the Foundation if the underlying assets are in conformity with the guidelines set forth in this policy.

Donors are encouraged to notify the Foundation when considering a bequest in order to ensure that it meets the criteria set forth in this Policy.

### **Beneficiary Designations**

The Foundation will accept any funds that it receives as a designated beneficiary (or an alternate beneficiary) of a life insurance policy, a deferred annuity contract, an IRA, a defined benefit plan, a 401(k) plan, a defined contribution (profit-sharing) plan, or other qualified plan, unless the designation imposes restrictions or a trust arrangement, in which case prior review and approval by the Foundation are required.

The Foundation will accept beneficial interest in an insurance policy without minimum but reserves the right to decline to pursue receipt of funds offered under such interest if it proves administratively burdensome.

## Life Insurance Policies

The Foundation may accept ownership of life insurance policies that meet the following criteria:

- The policy must have a minimum face value of \$10,000.
- The life expectancy of the insured must be less than 15 years, as determined actuarially.
- The policy must be free of loans when the Foundation takes ownership.

The Foundation reserves the right to liquidate the policy for its cash value at any time.

If the policy is not fully paid as of the date of the gift, the donor must agree to continue to pay all premiums as they are due. If the donor requests that the Foundation make the premium payments on the donor's behalf, the donor must agree to make contributions to the Foundation in amounts equal to each of the premiums paid by the Foundation. The Foundation will consider this arrangement only if the premiums are due no more frequently than quarterly and the premium amount is \$200 or more.

Only individual gifts of life insurance will be accepted. The Foundation will not accept transfer of a group or term life insurance policy.

Donors considering a gift of life insurance should consult with their legal and tax advisers to determine whether a qualified appraisal will be necessary for them to claim a charitable tax deduction.

## Major Gift Pledges

A pledge is an unconditional written promise to contribute a stated amount on a specified schedule. Pledges are considered a binding obligation of the donor and are recorded on the Foundation's financial statements. The Foundation will accept pledges as follows:

- The minimum pledge amount is \$10,000.
- A pledge should generally be payable in equal annual installments over no more than three years.
- Gifts made before the signed pledge agreement is submitted to the Foundation will not be applied to the pledge.
- The person or entity who will make the gifts must sign the pledge agreement.
- If a family business or family foundation will be making the contributions, the pledge should be signed on behalf of the business or foundation.
- A pledge to the Annual Fund or PolioPlus may be paid through Rotary Direct. At this time, it is not possible to fund a pledge to the Endowment through Rotary Direct.

A pledge is considered active upon the receipt of the first scheduled pledge contribution. At that time, the Foundation will recognize the donor for the full amount of the pledge.

Due to IRS rules, **contributions from donor advised funds may not be applied to a pledge.**

Pledges are reviewed annually and may be written off if it does not appear that the donor will make the contributions according to the pledge terms. In that case, the donor's recognition level will be reset to reflect their actual giving total.

## The Rotary Foundation Donor Advised Fund

A donor advised fund is a charitable giving vehicle that offers individuals and Rotary-affiliated groups the flexibility to make grant recommendations to IRS-approved charities in good standing, such as The Rotary Foundation.

The Rotary Foundation Donor Advised Fund is a separate fund held by the Foundation. Contributions are irrevocable gifts to the Foundation and are tax-deductible to the fullest extent provided by U.S. law. All contributions become assets of the Foundation, which retains sole discretion as to their investment and distribution.

All activities of The Rotary Foundation Donor Advised Fund and donor participation in the program are subject to the terms and conditions described in the [Donor Advised Fund Program Circular](#).

## Gift Acknowledgment

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The Rotary Foundation is not responsible for maintaining records for proof of charitable contributions and will issue receipts for gifts in compliance with local laws.

## Gift Agreements

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Outright, life income agreements and testamentary gifts that will be directed to a named endowed fund or directed gift require that a gift agreement be signed by the donor and the Foundation before the gift is made. The gift agreement is considered a legally binding contract.

The gift agreement will outline the following:

- Initial gift amount, if it's an outright gift
- Estimated gift amount to be realized, if it's a life income agreement or testamentary gift
- The gift's purpose, including all restrictions and/or preferences
- Investment governance and general administration
- Amendment in case the intended purpose of the gift becomes illegal, impractical, impossible, or inconstant with current programs of the Foundation

Directed gifts and named endowed funds will be tracked through a unique gift identification number, and the spending will be directed as agreed to in the gift agreement.

## Gift Acceptance Committee

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The purpose of the Gift Acceptance Committee is to advise the general secretary concerning acceptance of gifts to the Foundation, to advise the general secretary concerning the Trustees' policy regarding acceptance of such gifts, and to develop effective practices and procedures for acceptance and management of gifts to the Foundation.

Members of the committee include the general secretary, deputy general secretary, chief philanthropy officer, chief financial officer, director of corporate finance and planning, chief investment officer, general counsel, and director of planned and major gifts, or their delegates. Other staff members may be called upon as needed.

Meetings of the Gift Acceptance Committee are called on an as-needed basis to review gifts of real estate, tangible personal property, privately held stock, and gifts that fall outside of current gift acceptance practices or guidelines, and to review updates in practices resulting from changes in legal or financial requirements, or as requested by the general secretary.



## Policy Amendment and Review

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The general secretary has the authority to amend the Policy to comply with the law whenever it becomes inconsistent with the Internal Revenue Code of 1986 as amended or other applicable state or federal laws as of the date the change goes into effect. The general secretary will provide a written report to the Gift Acceptance Committee explaining the reason for the change to the Policy.

Responsibility for review of and recommended amendments to the Policy will be that of the Gift Acceptance Committee of the Foundation. The Gift Acceptance Committee will review this Policy as needed, but at least every three years.

The Gift Acceptance Committee can approve minor updates of a nonmaterial nature to the Policy; any substantial updates will be approved by the Trustees. The general secretary will determine whether the changes to the Policy should be submitted for approval at the next meeting of the Board of Trustees.

## Policy Effective Date

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The Gift Acceptance Policy was adopted and became effective on 27 April 2005. Updates to the Policy were adopted in April 2023. All gifts will be governed by the Gift Acceptance Policy that was in effect when they were accepted.







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