Objective: To provide business standards for continuity in entry, reporting and documentation of all deferred gifts, expectancies, trusts and realized bequests in accordance with federal law and UT Fiscal Policies.

Handling of Planned Gifts: Due to the complex nature of these gifts only designated System Gift Records office staff, may enter the types of gifts listed below. Documentation supporting the entry is required for all deferred gifts, expectancies, trusts and realized bequests.

Note: Each Planned Giving Officer is responsible for obtaining copies of wills, final trusts documents and other supporting documentation.

- Bequest Pledge
- Non-Bequest Pledge (all other revocable expectancies)
  - Insurance Policies
  - U.T. as beneficiary of retirement plans (ex: IRA)
  - Charitable Remainder Trusts (CRTs) held by third party
- Charitable Remainder Trusts
- Pooled Income Funds
- Gift Annuities and Deferred Gift Annuities
- Realized Bequests
- Retained Life Interest
- Charitable Lead Trusts
Overview

Planned Gifts
Planned gifts are often complex gifts that require the assistance of the Planned Giving Office and the donor’s legal and tax advisors. A planned gift incorporates philanthropy with estate and financial planning in order to benefit both the donor and the University of Tennessee. Planned gifts can’t be handled in the same manner as other gift transactions.

Planned gifts fall into three general categories called, Current, Deferred Pledges and Deferred Gifts.

- **Current gifts** are received and put to use by UT immediately. Examples include the proceeds from a Charitable Lead Trust or Realized Bequest.

- **Deferred pledges** are promises by the donor that result in gifts (or pledge payments) at sometime in the future. These types of gifts include a commitment to UT via bequest or naming UT as the beneficiary of a life insurance policy or a retirement plan (IRA, 401k, etc.)

- **Deferred gifts** provide immediate tax benefits for the donor but UT doesn’t have access to the proceeds until sometime in the future. These types of gifts would include Charitable Remainder Trusts, Gift Annuities, Retained Life Estates and Pooled Income Funds.

Only designated System Gift Records office staff have the authority to enter these types of gifts and pledges in ANDI. All planned gifts should be entered using the information provided by the Office of Planned Giving on the form “Deferred Gifts/Expectancies”.

The Tender Window may be used to record the type of asset being used to fund the planned gift. Example: If it is a Gift Annuity funded by 120 shares of IBM stock, the stock details are entered into the Tender Window.

Frequently used ANDI Deferred Gift/Pledge Entry Codes

**Pledge Type**
BE <> Pledge Bequest Expectancy
DF <> Pledge – Deferred – Non-Bequest

**Gift Type**
BQ <> Realized Bequest
CL <> Charitable Lead Trust
CR <> Charitable Remainder Trust
GA <> Gift Annuity/Deferred Gift Annuity
IN <> Insurance
PI <> Pooled Income Fund
RL <> Retained Life Estate
Bequest Expectancy (Pledge)

Bequest expectancies are pledges to give to UT via will or revocable living trust. If the amount of the expectancy is documented and entered on the Deferred Gifts/Expectancies form, then enter that amount as the Gift Amount. If the amount of the expectancy is unknown, enter a Gift Amount of $1.00. Documented bequest expectancies made by donors age 70 or over as of the date of the commitment “count” in the Imagine Tennessee campaign and require a Net Present Value (NPV), which can be found on the Deferred Gifts/Expectancies form. Bequest expectancies are made by an individual and should be added to the record of the person making the pledge (not split with spouse).

Bequest expectancies will be entered as pledges, using pledge type code “BE”. Pay Schedule Frequency will be entered as “O” (Open).

A bequest to the University of Tennessee can be made in any one of the following ways:
1. A percent of the gross estate
2. All of the rest, residue, and remainder of an estate.
3. A specified amount.

Entering a Bequest Expectancy (Pledge)

Procedure Note(s): A “Deferred/Expectancies” form will be sent to the person responsible for entry of Deferred Gifts or Expectancies. Due to the complex nature of these gifts only designated System Gift Records office staff have the authority to make these entries. The form is saved with the batch information for auditing purposes. A new allocation must be created for the bequest expectancy prior to entry.

1. From within the Batch Ledger, click the New button on the Edit bar to create a new ledger entry row.

2. In the Donor field, enter the donor’s entity ID.

   Note: The joint flag will be marked as a default if the donor has a Spouse or Domestic Partner relationship with another Entity on the system and the Joint Gift credit box has been marked in the Marital Information Window. Note: You must uncheck the Joint flag. The bequest expectancy will be entered on the individual’s record who made the bequest as included in their will.

3. In the Amt field, enter the amount of the pledge

4. In the Alloc. field, enter the Allocation code of the fund.

   Note: Since this is a bequest expectancy, information to set up an allocation will be provided in the copy of the will or in the MOA. The Deferred Gifts/Expectancies form
will indicate whether this information is attached or available. In most cases, the endowment will be created when the bequest is realized so the allocation should be created in a manner that tracks the written language in the will or MOA. The allocation text should read for example as “John Doe Bequest-Library”.

5. In the Type field, select the transaction type code “BE” (Pledge – Bequest Expectancy). The Payment Amount will as a result default to an amount equal to the Gift Amount.

6. In the Record Date field, enter the date the pledge is being entered.

7. In the Ack field, select the “NOA” code stating that no receipt should be issued. Thank you letters will be coordinated through the Planned Giving Office.

8. In the Freq field, select the payment frequency code “O” (Open) from the dropdown list.

9. Leave the Payment Date field blank.

10. Campaign: Unless the donor is age 70 or over at the time of the commitment, a bequest expectancy pledge does not “count” in the campaign. For bequest expectancies that do not count, select campaign code 9999 (“Not included in IMTN”).

11. In the Comment field, enter information regarding this bequest expectancy.

12. Click the Save button on the Edit bar.
Pledge Deferred – Non-Bequest
Includes all other revocable expectancies – UT is listed as beneficiary of a retirement plan (IRA), insurance policy, a revocable Charitable Remainder Trust held by a 3rd party, Payment on Death designations (POD), Transfer on Death (TOD) designations, etc. If we know a specific amount it should be entered in the Gift Amount field, if not it will be entered as $1.00.

Entering a Pledge Deferred – Non-Bequest
1. From within the Batch Ledger, click the New button on the Edit bar to create a new ledger entry row.
2. In the Donor Field, enter the donor’s entity ID.
3. In the Amt field, enter the amount of the gift if known, if unknown enter as $1.00.
4. In the Alloc field, enter the allocation code created for the fund.
5. In the Type field, enter “DF” Pledge - Deferred – Non-Bequest.
6. In the Record Date field, enter the date the gift is being entered.
7. Leave the Ack field blank, so the donor will be notified. Unless otherwise notified or if special handling applies.
8. In the frequency field, select O for Open Pledge.
9. In the Campaign field, select 9999 (“not included in IMTN”)
10. In the Comment field, enter information regarding this deferred pledge in the Comment field.
11. Click the Save button on the Edit bar.
Charitable Remainder Trust (CRT)

The Planned Giving Office will send a “Deferred/Expectancies” form to the person responsible for entry of Deferred Gifts or Expectancies. Due to the complex nature of these gifts only designated System Gift Records staff have the authority to enter these gifts. The form is used as back up information for auditing purposes as well.

These popular gifts can help a donor avoid capital gains taxes and reduce income and estate taxes. They provide income to the donor and/or other income beneficiaries for life or a period of years. At the death of the last income beneficiary, the remainder is then put to use by the University as directed by the donor. A CRT may be managed by UT (internal trust) or by the donor or his financial advisors (external or 3rd party CRT).

Payments to beneficiaries can be either a percentage of the trust principal each year, or a fixed dollar amount. In some cases, payments are made to the income beneficiaries regardless of actual income earned by the trust portfolio.

Entering a Charitable Remainder Trust (CRT)

Procedure Note(s): An Allocation code must be created before gift entry. If the CRT is an internal trust (a trust managed by UT) it will have been assigned an account number on the IRIS system for accounting purposes. This number (G99………..) will be the account number for the allocation. An allocation request form must be submitted for this trust name/number with the appropriate campus, school, department codes, etc. as indicated in the trust document. If the CRT is managed by a 3rd party then an allocation request form must be submitted for the trust name with the appropriate campus, school, department codes, etc. as indicated in the trust document. The account number for a 3rd party trust will be derived from the reporting campus, school and department codes. If the CRT is a 3rd party trust for which we don’t have a Net Present Value, then it must be recorded as a Pledge-Deferred – Non-Bequest.

1. From within the Batch Ledger, click the New button on the Edit bar to create a new ledger entry row.
2. In the Donor field, enter the donor’s entity ID.
3. In the Amt field, enter the face value amount, which is the amount of money the donor is giving U.T. to put into the trust.
4. In the Alloc field, enter the allocation code.
5. In the Type field, select the code CR for Charitable Remainder Trust.
6. In the Tender field, enter the appropriate tender type. (i.e., cash/check, securities, etc.)
7. In the Record Date field, enter the date the gift is being entered.
8. In the Receipt Date field, enter the date the University received the gift.
9. In the Ack field, select NOA for no acknowledgment. Thank you letters will be coordinated through the Planned Giving Office.

10. In the NPV field, enter the Net Present Value or discounted present value of the trust. 
    Note: NPV should be on the form sent to Gift Records by Planned Giving. If NPV is missing, contact Planned Giving.

11. In the Camp. field, enter the appropriate campaign code.

12. In the Comment field, enter information regarding this trust in the Comment field (i.e., Chartable Remainder Unitrust (CRUT) or Charitable Remainder Annuity Trust (CRAT) notification, etc.)

13. Click the Save button on the Edit bar.
Pooled Income Fund Gift
The Planned Giving Office will send a “Deferred/Expectancies” form to the person responsible for entry of Deferred Gifts or Expectancies. Due to the complex nature of these gifts only designated System Gift Records office staff have the authority to make these entries. The form is used as back up information for auditing purposes as well.

Entering a Pooled Income Fund Gift
The University of Tennessee, as trustee, combines the donor’s contribution with other gifts in a common investment pool. The minimum required initial gift is $10,000. After that, any amount may be added. Gifts must be either cash or marketable securities that are not tax-exempt.

1. From within the Batch Ledger, click the New button on the Edit bar to create a new ledger entry row.
2. In the Donor field, enter the donor’s entity ID.
3. In the Amt field, enter the face value amount, which is the amount of money the donor is giving U.T. to put into the Pooled Income Fund.
4. In the Alloc field, enter the allocation code. The account number will have been assigned on the UT’s financial system.
5. In the Type field, select the code PI for Pooled Income Fund.
6. In the Tender field, enter the appropriate tender type. (i.e., cash/check, securities, etc.)
7. In the Record Date field, enter the date the gift is being entered.
8. In the Receipt Date field, enter the date the University received the gift.
9. In the Ack field, select NOA for no acknowledgment. Thank you letters will be coordinated through the Planned Giving Office.
10. In the NPV field, enter the Net Present Value or discounted present value of the funds.
   **Note:** NPV should be on the form sent to Gift Records by Planned Giving. If NPV is missing, contact Planned Giving.
11. In the Camp. field, enter the appropriate campaign code.
12. In the Comment field, enter information regarding this Pooled Income Fund.
13. Click the Save button on the Edit bar.
Gift Annuity
The Planned Giving Office will send a “Deferred/Expectancies” form to the person responsible for entry of Deferred Gifts or Expectancies. Due to the complex nature of these gifts only designated Gift Records office staff have the authority to enter these gifts. The form is used as back up information for auditing purposes as well.

Entering a Gift Annuity
A charitable gift annuity is a simple contract between the donor and the UT Foundation. In exchange for a gift of cash or stock, the foundation agrees to pay one or two annuitants a fixed sum each year for life. The minimum amount for a gift annuity with the UT Foundation is $20,000.00.

1. From within the Batch Ledger, click the New button on the Edit bar to create a new ledger entry row.
2. In the Donor Field, enter the donor’s entity ID.
3. In the Amt field, enter the face value amount, which is the amount of money the donor is giving U.T. to put into the Pooled Income Fund.
4. In the Alloc field, enter the allocation code. The account number will have been assigned on the UT’s financial system.
5. In the Type field, select the code GA for Gift Annuity/Deferred Gift Annuity.
6. In the Tender field, enter the appropriate tender type. (i.e., cash/check, securities, etc.)
7. In the Record Date field, enter the date the gift is being entered.
8. In the Receipt Date field, enter the date the University received the gift.
9. In the Ack field, select NOA for no acknowledgment. Thank you letters will be coordinated through the Planned Giving Office.
10. In the NPV field, enter the Net Present Value or discounted present value of the annuity. Note: NPV should be on the form sent to Gift Records by Planned Giving. If NPV is missing, contact Planned Giving.
11. In the Camp. field, enter the appropriate campaign code.
12. In the Comment field, enter information regarding this Gift Annuity.
13. Click the Save button on the Edit bar.
Realized Bequests
Realized Bequests are any monies being paid to UT after a donor’s death regardless of the source. The source could be will, death benefits from a life insurance policy, an IRA or an annuity.

Entering Realized Bequests

Procedure Note(s):
Realized Bequests should be entered on the estate record of the deceased individual. See section for “Procedure: Handling ‘Estate of’ Gifts.” A covering account automatically provides recognition credit to the deceased person’s entity record for all gifts posted to the estate’s entity record.

When a Bequest Expectancy pledge exists, the realized bequest (gift from the estate) should be entered as a pledge payment of the type “BQ, Realized Bequest”. If a Bequest Expectancy pledge does not exist, then the realized bequest should be entered as a gift, using the same “BQ, Realized Bequest” transaction type. The Tender window is used to record the asset received from the estate (cash, securities, property, etc.)

1. From within the Batch Ledger, click the New button on the Edit bar to create a new ledger entry row.
2. In the Donor field, enter the estate’s entity ID
3. In the Amt field, enter the value of the gift received
4. In the Alloc. Field, enter the Allocation code of the fund
5. In the Type field, select the transaction type code BQ for Realized Bequest.
6. In the Tender field, enter the appropriate tender type. (i.e., cash/check, securities, etc.)
7. In the Record Date field, enter the date the gift is being entered.
8. In the Receipt Date field, enter the date the University received the gift.
9. Leave the Ack field blank, unless otherwise notified or if special handling applies. Note: Send acknowledgement to the address for the estate.
10. If the bequest is a pledge payment, in the Pledge field, enter the pledge number. If not, uncheck the “Pmt.” Box.
11. In the Camp. field, enter the appropriate campaign code.
12. In the Comment field, enter information regarding this bequest.
13. Click the Save button on the Edit bar.
Retained Life Estate
A Retained Life Estate is a complex transaction in which the donor transfers to UT a personal residence, vacation home, farm or other real estate while retaining the right to live in or use the real estate for the remainder of his and/or her life.

Entering a Retained Life Estate

1. From within the Batch Ledger, click the New button on the Edit bar to create a new ledger entry row.
2. In the Donor Field, enter the donor’s entity ID.
3. In the Amt field, enter the “amount” which is the face value, the amount of money that the donor is giving U.T. to put into the trust.
4. In the Alloc field, enter the allocation code created for the fund.
5. In the Type field, select the RL, Retained Life Estate code.
6. In the Tender field, enter the appropriate tender type. (e.g., cash/check, securities, etc.) **Note:** If securities or real estate, click on the tender icon on the edit bar and fill out the appropriate information.
7. In the Record Date field, enter the date that you are entering the gift.
8. In the Receipt Date field, enter the date the University received the gift.
9. In the Ack field, enter No receipt should be issued. Thank you letters will be coordinated through the Planned Giving Office.
10. In the NPV field, enter the Net Present Value or discounted present value of the trust. **Note:** NPV should be on the form sent to Gift Records by Planned Giving.
11. In the Camp. field, enter the appropriate campaign code.
12. In the Comment field, enter information regarding this bequest.
13. Click the Save button on the Edit bar.
**Charitable Lead Trust Distribution (CLT)**
A Charitable Lead Trust is an arrangement that permits the donor to designate annual gifts of income from the trust to UT. The University as directed by the donor puts the income to immediate use. At the end of the selected term or years, the principal of the trust reverts to the donor or to designated heirs.

**Entering a Charitable Lead Trust Distribution (CLT)**

**Procedure Note(s):** Ordinarily gifts are not recorded when a Charitable Lead Trust is created. Instead, when a distribution is received enter the gift as a gift type of CL, Charitable Lead Trust Distribution. If, for whatever reason, a gift was recorded when the Charitable Lead Trust was created, then no gift is entered when a distribution is received.

**Pledge Payments:**
In some instances, especially with estates, distributions from a Charitable Lead Trust will be used to pay off a pledge. In these instances, the transaction type is still CL rather than PP. Make certain that the pledge balance is appropriately adjusted.

1. From within the Batch Ledger, click the New button on the Edit bar to create a new ledger entry row.
2. In the Donor Field, enter the donor’s entity ID.
3. In the Amt field, enter the dollar amount of the Charitable Lead Trust distribution received.
4. In the Alloc field, enter the allocation code. The account number will have been assigned on the UT’s financial system.
5. In the Type field, select the code CL for Charitable Lead Trust Distribution.
6. In the Tender field, enter the appropriate tender type. (e.g., cash/check, securities, etc.)
   **Note:** Usually Cash or Deposited by others is used when the Office of the Treasurer deposits the money and notification sent to Gift Records.
7. In the Record Date field, enter the date the gift is being entered.
8. In the Receipt Date field, enter the date the University received the gift.
9. Leave the Ack field blank, unless otherwise notified or if special handling applies.
10. The NPV is not a required field.
11. In the Camp. field, enter the appropriate campaign code.
12. In the Comment field, enter information regarding this Charitable Lead Trust Distribution.
13. Click the Save button on the Edit bar.