POLICY: Pledges and Pledge Payments
Effective: 2/18/04
Revised 04/02/2008

Objective: To provide business standards for continuity in entry and maintenance of pledges and pledge payments. Provide the most up-to-date and accurate information concerning pledges, pledge payments and payment schedules. This policy applies to all types of pledges (i.e., Standard, Payroll Deduction, Bequest Expectancy, etc.).

Pledge: A pledge is a commitment by an entity within a specific time frame. See policies and procedures for Deferred Pledges.

Pledge Payment: A pledge payment is a payment against a pledge.

Pledges and Pledge Payments: All pledges and pledge payments should be entered within three (3) business days from the date of receipt and/or notification. Pledge back-up has a retention schedule of seven years. If a pledge is not completed within seven years the back-up will be retained until the pledge has been completed.

Pledge Payments received from Donor Advised Funds: (ex: East Tennessee Foundation)
Donations received through donor advised funds can not be posted as pledge payments. If you receive a donor advised check and it is obvious the donor intended for the check to be posted against their pledge commitment, do not post the donation. Notify the appropriate Development Officer and give them the opportunity to contact the donor to explain the situation. The donor may wish to send in a personal check to replace the donor advised check or may wish us to post the payment as a gift.

Overpayment of Pledges: Pledges should never be overpaid. Enter all overpayments, regardless of amount, as gifts.

Request to Apply Prior Gift(s) to a New Pledge Commitment: Requests to apply prior gift(s) as a payment(s) to a new pledge commitment will be allowed if the gift(s) was posted within the current or previous fiscal year. The Club Membership office will handle the donor’s club/society memberships to ensure the donor does not receive double credit.

If the gift(s) was posted prior to the current or previous fiscal year, then it is the donor’s decision to reduce the pledge amount.

Increasing Pledge vs. New Pledge:

- General/Standard Pledge: Pledge may be increased for the current fiscal year only. A new pledge should be entered if the original pledge is not in the current fiscal year. Exceptions to the above policy must be approved by the Vice President for Advancement Services.

- Payroll Deduction: These requests are handled in the Systems Processing office in Knoxville. See policies and procedures for Payroll Deduction.

- Bequest Expectancy: These requests are handled in the Systems Processing office in Knoxville. See policies and procedures for Bequest Expectancy.
PROCEDURES: Pledges and Pledge Payments

Effective: 2/19/04

Procedure Note(s): Each pledge must be accompanied by documentation to include donor(s) information, amount, allocation(s), payment schedule and any special instructions. Based on auditors’ recommendation, verbal notification is not sufficient. Notification can be accepted by mail, alumni website, e-mail, letter/memo, fax, etc.

If the backup documentation has an appeal code and/or campaign code, this information must be entered on the transaction. If the backup documentation for a pledge payment has a different appeal or campaign code than the pledge, enter the code that is on the pledge.

Pledge Entry Procedures

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

2. In the Donor field, enter the entity ID of the donor. NOTE: The Donor field title will become green and underlined when the donor name is displayed, indicating a hypertext link that can be used to bring up the donor’s Entity Profile.

3. In the Amt field, enter the amount of the Pledge. NOTE: If this pledge is going to be matched by the donor’s employer, see the Anticipated Match Entry Procedures below.

4. In the Alloc. field, enter the Allocation code, or press the F2 key from within the field to perform an Allocation Lookup.

5. In the Type field, select a Pledge Type code from the dropdown list.

6. In the Freq field, select a pledge payment frequency from the dropdown list. If you are entering a pledge with an inconsistent payment schedule, pick a frequency closely resembling the desired schedule.

7. In the # Yrs/Mths field, you may enter the number of years/months it will take to pay off the pledge. ANDI will calculate this field for you when the frequency field and Pay Amt field have been populated. If you populate the Freq and # Yrs/Mths fields, ANDI will calculate the Payment Amount field.

8. In the Pay Date field, enter the anticipated payment date of the first payment.

9. In the Pay Amt field, enter the pledge payment amount of the first payment.

   NOTE: The date entered in the Pay Date field will be used by ANDI in combination with the pledge payment amount entered in the Pay Amt field to create the pledge payment schedule.

10. Enter any other required information.

11. Click the Save icon on the Edit bar.

12. To customize the pledge payment schedule:

   a. Click the Pay Sched icon on the edit bar from within the Pledge transaction.

   b. Modify the Dates and/or Amounts of the Payment Schedule

   c. The Payment Schedule will recalculate accordingly, and when you save the revised schedule, the Payment Frequency will change from the value you selected to C (Custom).
Anticipated Match Entry Procedures

Procedure Note: The Antic. Match field reflects the total amount UT anticipates receiving from the donor’s matching gift company. This amount is the total amount that will match the pledge payments of this pledge. The antic match field is informational only. It is not used to determine club eligibility.

1. Perform an Entity Lookup for the donor’s record.
2. Go to the entity’s employment window (2113-EMPT). Does the entity work for a matching gift company?
   - If yes, proceed to the next step.
   - If no, skip the antic match field and enter the pledge as you normally would.
3. Go to the entity’s employer’s entity profile window and find the employer’s matching ratio.
4. Calculate the donor’s anticipated match amount.
   Example #1: Donor’s pledge amount is $1,000 and company matches 1:1, then the anticipated amount is $1,000.
   Example #2: Donor’s pledge amount is $1,000 and company matches 2:1, then the anticipated amount is $2,000
5. Open a batch.
6. Go to the Ledger and enter the donor’s pledge criteria. NOTE: The amount of the pledge is **ONLY** the amount the donor is responsible for; it does NOT include the anticipated match amount.

7. Enter the anticipated match amount in the Antic. Match field. **Tip:** Maximize the ledger window to see the Antic. Match field.

8. Click Save icon on the edit bar.

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### Pledge Payment Entry Procedures

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

2. In the Donor field, enter the entity ID of the donor. NOTE: The Donor field title will become green and underlined when the donor name is displayed, indicating a hypertext link that can be used to bring up the donor’s Entity Profile.

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

4. Select the Pledge being paid from the dropdown box beside the Amt field. If the donor is paying on someone else’s pledge, the pledge number will have to be manually entered in the pledge field.

   **Note:** Certain information linked to the Pledge will default into the Ledger (Allocation, Appeal, Campaign, associated donor rows), and will override any Batch Defaults that have been set.

   **Caution:** When a pledge payment is made by a third-party (ex: Smith & Smith, Inc.) that is not the primary or allocation split row on the pledge, the entity that was the primary donor on the pledge will not have an allocation split row automatically generated. You need to manually add a row.

   The processor needs to manually add a row for the third-party for any additional allocations.

   The processor needs to change the Allocation Split rows to be ‘B’ (On-Behalf-Of) rows.

   For example: Smith & Smith, Inc. sends in a check to pay on Mr. and Mrs. Smith’s pledge. The pledge has two allocations split between Mr. and Mrs. Smith with Mrs. Smith being the primary donor row.

   The following rows are automatically generated by ANDI...

   **Primary Row:** Smith & Smith, Inc. for the 1st Allocation

   **Allocation Split Row:** Mr. Smith for 1st Allocation

   **Allocation Split Row:** Mrs. Smith for 2nd Allocation

   **Allocation Split Row:** Mr. Smith for 2nd Allocation
The processor will manually add an On-Behalf-Of row for Mrs. Smith for the 1\textsuperscript{st} Allocation.
The processor will also need to change the Allocation Split rows for Mr. and Mrs. Smith to an Asc. Type of ‘B’ (On-Behalf-Of).

The processor will need to manually enter an Allocation Split row for Smith & Smith, Inc. for the 2\textsuperscript{nd} Allocation.

Please be sure to check and re-check your enter for correct donor/allocation combinations and legal/recognition credit amounts.

5. In the Type field, select a Transaction Type code of PP (Pledge Payment). The Pmt checkbox will be automatically checked when this Transaction Type is entered, based on the Pledge Payment Indicator in the Transaction Type Table.

6. In the Tender field, select a Tender code from the dropdown list.

7. Enter any other information required.

8. Click the Save icon on the Edit bar.

Example of a Pledge Payment Transaction

Note: There is a link to the Pledge Number included in this transaction, and the Pmt checkbox is checked.