POLICY: Gifts of Securities
Effective: 9/05/03

**Objective:** To provide a standard process for handling and posting gifts of securities that complies with federal law and U.T. Fiscal Policies.

The System Processing office in Knoxville processes all entry and modification of gifts of securities and handles all related transfers.

**Receipt and Deposit of Gifts of Securities**  (U.T. Fiscal Policy #FI0315): Any gift made to the University in the form of negotiable stocks, bonds or other securities should be accepted in form and by procedures authorized by the Treasurer for such transactions. Securities should be delivered or transmitted immediately to the Office of the Treasurer. The Treasurer’s Office will issue a receipt. If the securities are electronically transferred from the donor’s brokerage account to a University brokerage fund, the Treasurer’s Office should be notified as soon as possible in order to determine appropriate gift disposition.

**Closely Held Stock:** The benefits of a gift of closely held stock are not unlike those of publicly traded securities. A donor contributing closely held stock benefits by taking a charitable deduction for the stock's appraised fair market value. For record purposes, the date of a gift of closely held stock is considered to be the date the stock is transferred.

**Date of Gift:** Date of gift is determined by federal law and is used to value the gift (see below). For securities transferred electronically to a University brokerage account, the date of gift is the date the securities are received in the University’s account (not the date the donor initiates the transfer). For securities sent by mail, the date of gifts is the date of the post mark on the envelope. For securities delivered by hand the date of gift is the date the donor hands the certificate to a University employee.

- **Record Date** = the date the gift was entered in ANDI
- **Receipt Date** = the legal date of gift

**Stock Power vs. Signing the Back of Stock Certificate:** If the stock certificate is sent through the mail, the donor should not sign the back of the certificate of stock. Rather, the donor should fill out a Stock Power form and mail the stock certificate and the stock power form in separate envelopes. The signature on the stock power form must exactly match the name(s) on the certificate. The processing office must keep a copy of all envelopes on file. Send the original envelopes to the Treasurer’s Office, which will be kept on file.

**Value of the Gift:** The gift valuation is the average of the high and the low trading values for the security on the date of gift.
PROcedures: Gifts of Securities

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Revised 11/04/09

Procedure Note(s): The Tender Window must be used to record information about the security. Enter data on the Tender Window immediately after the transaction entry (see below). The Record Date is the date that the gift is entered in ANDI. The receipt date of the gift is the date of the gift (see policy).

General Procedures

1. When working with a donor and it is known that a gift of securities is imminent, please alert Prospect Systems staff via e-mail prospect@tennessee.edu or fax information to the Prospect Systems group at (865) 974-2663 with the name and ANDI ID number of the donor, purpose of the gift, name of the security, number of shares, method of transfer and anticipated date of transfer.

2. When the Treasurer or Foundation receive gifts of securities they will alert Prospect Systems staff who will, in turn, pass the necessary information to Gift Records, Planned Giving, and the appropriate campus/college/department development or Annual Giving staff.

3. Gift Records will issue the standard UT receipt so the donor has immediate confirmation that UT received the gift.

4. Planned Giving will issue IRS Form 8283 directly to the donor in due course.

5. Handle acknowledgements from the Dean or department head as with any other gift.

Entering Securities

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

2. Enter the entity ID of the donor or press the F2 key from within the Donor field to perform an Entity Lookup.

3. In the Amt. field, enter the amount of the gift credit (average of the high and low trade values on the date of gift).

4. In the Allocation field, enter the Allocation code, or press the F2 key from within the field to perform an Allocation Lookup. Note: the allocation code must be associated with the account number as deposited per the stock gift notification from the Office of the Treasurer or by U.T. Foundation.

5. In the Transaction field, select Transaction Type code of GF (Gift) or PP (Pledge Payment) from the dropdown menu.

6. In the Tender field, select a Tender code of S (Securities) from the dropdown list in the Tender field. For Closely Held Stock, select a Tender code of H (Closely Held Stock).

7. Enter any other information as required.
8. Modify the Receipt date to be the same as the Date of Gift per the stock gift notification from the Office of the Treasurer or by UT Foundation.

   **Note:**
   
   **Record Date** = the date the gift was entered  
   **Receipt Date** = the date of the gift

9. Click the Save button on the edit bar.

**Entering information on Securities Tender Window**

1. From within the Batch Ledger, click on the Tender button on the Edit bar to open the Tender Window.

2. In the Valuation field, select Valuation based on Average of the High and Low. **Note:** If Valuation is based on other than the High and Low, leave blank (i.e., NAV = Net Asset Value or Market Value).

3. In the Value Date field, enter the Value Date. **Note:** This is the Date of Gift per stock gift notification from the Office of the Treasurer or UT Foundation – same as Receipt Date.

4. In the Value field, enter the Net Proceeds amount.

5. In the Security field, enter the name of the security received. ex: 250 Shares Procter and Gamble (High: 54.52 Low: 54.15) **Note:** This information will print in the ASSET RECEIVED line on the gift receipt that is mailed to the donor.

6. In the Shares field, enter the number of shares received.

7. In the Value/Share field, enter the average of the High/Low, the Net Asset Value or the Market Value.

8. In the Delivery field, enter how the security was delivered. **Note:** This will be UT Brokerage or UT Foundation.

9. In the 8283 Status field, enter the status of the 8283 form, if known.

10. In the 8283 Date field, enter the date of the 8283 form, if known.

11. In the Comment field, enter any additional information regarding this gift of securities.

12. Click the Save button on the edit bar.