

## **LEGACY GIVING POLICIES AND GUIDELINES**

As a faith community, First Parish in Concord depends on the generosity of its members for financial support for the church.

### **PURPOSE**

The purpose of establishing the Legacy Giving Policies and Guidelines for First Parish is twofold:

- To provide prospective donors with a clear understanding of Legacy Gifts, their values, purposes and advantages; and
- To provide adequate guidelines for First Parish volunteers and staff whose work may involve handling Legacy Giving questions from interested parishioners.

The “Legacy Gifts” discussed in these policies and guidelines do not refer to or include the annual pledges made by the church membership during the annual pledge drive to support First Parish’ annual operations.

The Standing Committee encourages the solicitation and acceptance of current and deferred gifts from individuals and foundations to support First Parish operations in perpetuity. The following policies and guidelines govern acceptance of gifts made to the First Parish Legacy Investment Fund and provide guidance to prospective Donors and their advisors when making Legacy gifts to First Parish. The provisions of these policies shall apply to all Legacy gifts offered to First Parish for any of its programs or services. This policy is an extension of the Finance Policies approved by the Standing Committee of First Parish on October 16, 2016 in accordance with the bylaws of First Parish in Concord and Massachusetts Law.

### **POLICIES**

#### **I. Definitions**

A “Legacy Gift” is a financial commitment made to First Parish now that the church will receive in the future.

“Donor” includes one or more individuals, foundations or other entities that makes or is planning to make a Legacy gift to First Parish.

The “Legacy Investment Fund” contains the funds managed by the Trustees of Parish Donations. In the past, we have referred to this informally as the “endowment” or the First Parish Investment Fund.

“Legacy Giving Committee” is a First Parish committee that was formed to manage the development, promotion and actions related to legacy gifts that are planned for First Parish. Once a gift has been received, the funds will become part of the Legacy Investment Fund.

The “First Parish Legacy Circle” is the group of individuals who have designated First Parish in Concord to receive a portion of their estate or assets upon their death. There is no minimum amount necessary to become a member of the Legacy Circle; we do request that individuals complete the Legacy Gift Form obtained from a member of the Legacy Giving Committee, the First Parish Office, or the First Parish website.

## **II. Administration of Gifts**

First Parish will accept Legacy gifts, bequests or transfers of assets in support of specific purposes, projects or programs if approved by the Standing Committee in consultation with the Head of Staff and the Legacy Giving Committee. Factors influencing the acceptance of a Legacy Gift may include, but are not limited to, the nature of any restrictions or designations, the permanency of the gift, the administrative costs of managing the assets, the potential for actual or perceived conflict of interest, and consistency with mission, bylaws and policies of First Parish.

In accordance with the Finance Policies adopted October 16, 2016, First Parish may accept undesignated gifts, bequests or transfers of assets of \$10,000 or less. Undesignated gifts greater than \$10,000 shall be accepted and managed by the Trustees of Parish Donations. This does not apply to funds received as part of the annual pledge campaign. Unless otherwise noted, undesignated Gifts will be added to the First Parish Legacy Investment Fund managed by the Church’s Trustees of Parish Donations. An accepted Legacy Gift that is designated for a specific purpose, such as a specific capital improvement fund, an endowed position, or for specific maintenance purposes, will be set aside for the designated purpose on First Parish financial records, to be administered and used by First Parish for the charitable purpose designated by the Donor.

Generally, Legacy Gifts to First Parish will be used to:

- Support the Legacy Investment Fund for the future financial solvency of First Parish
- Fund capital improvements for facilities
- Support other purposes designated by Donors related to the activities of First Parish

## **GUIDELINES**

### **I. Priority of the Donor’s Interest**

In all matters involving Donor/s, the interests of the Donor shall come before that of First Parish. No program, trust agreement or commitment that shall knowingly benefit First Parish at the expense of the Donor’s interest shall be urged upon any Donor.

### **II. Avoidance of Sales Pressure**

First Parish shall exercise due caution against the use of any pressure sales techniques when meeting with a potential Donor. The task of First Parish’ personnel shall be to inform, serve,

guide, or otherwise assist a Donor in fulfilling their philanthropic wishes, but never, under any circumstances, to pressure or unduly persuade.

### **III. Conflict of Interest**

First Parish will urge each Donor to seek the assistance of personal legal and financial advisors in matters relating to Legacy Gifts and the resulting tax and estate planning consequences. No assistance provided by First Parish personnel shall be considered as tax planning or estate advice.

### **IV. Confidentiality**

First Parish does not publicize the amount or nature of individual Legacy gifts. If requested by the Donor, all information concerning the Donor, including names, names of beneficiaries, the amount of gifts, size of estates and related matters, shall be kept confidential by First Parish and their personnel unless disclosure is required by law or court order. If requested by the Donor, any agreement presented to First Parish for pre-approval of a Legacy Gift will not contain the name of the Donor or other beneficiaries. If requested by the Donor, any report of a Legacy Gift will not disclose the name of the Donor.

### **V. Use of Legal Counsel**

First Parish shall seek the advice of legal counsel in matters relating to acceptance of Legacy gifts when appropriate. Review by counsel is recommended for

- 1) Closely held stock transfers that are subject to restrictions or buy-sell agreements.
- 2) Documents naming First Parish as Trustee
- 3) Gifts involving contracts, such as bargain sales or other documents requiring First Parish to assume an obligation.
- 4) Transactions with potential conflict of interest
- 5) Transactions that may invoke IRS sanctions
- 6) Other instances in which the Legacy Giving Committee deems appropriate the use of counsel.

### **VI. Restrictions on Gifts**

First Parish recommends that Donors make Legacy gifts to First Parish without designations or restrictions as to the use of the funds. First Parish will not accept gifts that are too restrictive in purpose. First Parish deems as too restrictive gifts that violate the terms of the corporate charter, gifts that are difficult to administer, or gifts that are for purposes outside the mission of First Parish. First Parish is under no obligation to accept any Gifts and reserves the right to decline any Gifts for any reason that it deems in its best interest.

### **VII. The Legacy Giving Committee**

The Legacy Giving Committee shall consist of:

- 1) Minister of First Parish
- 2) Treasurer of First Parish
- 3) Treasurer of the First Parish Trustees of Parish Donations
- 4) First Parish Director of Operations; and
- 5) Other designated members from the First Parish in Concord Membership.

The Legacy Giving Committee is charged with the responsibility of managing the Legacy Program over time (the development, promotion and oversight of the program), and reviewing, properly screening and recommending to the Standing Committee proper action on the acceptance of all restricted Legacy Gifts offered to First Parish. The LGC selects a chair/convener from its membership.

### **VIII. Types of Gifts**

The following gifts are acceptable:

- Cash
- Bequests
- Marketable Securities
- Retirement Plan Beneficiary Designations
- Life Insurance Beneficiary Designations
- Charitable Gift Annuities
- Charitable Remainder Trusts
- Charitable Lead Trusts
- Tangible Personal Property
- Real Estate
- Remainder Interests in Property

The following criteria govern the acceptance of each gift form:

- 1) **Cash.** Cash is acceptable in any form. Checks shall be made payable to First Parish in Concord and shall be delivered to the First Parish' administrative offices.
- 2) **Bequests.** Donors and supporters of First Parish may make bequests to First Parish under their wills and trusts. First Parish will record bequests as gifts to First Parish when they become irrevocable. When the gift is irrevocable, but is not due until a future date, First Parish may record the present value of that gift at the time the gift becomes irrevocable.
- 3) **Marketable Securities.** First Parish can accept both publicly traded securities and closely held securities.

**Publicly Traded Securities.** Publicly traded securities may be transferred to an account maintained at one or more brokerage firms or delivered physically with the transferor's

signature or stock power attached. Generally, First Parish will sell all publicly traded securities upon receipt unless otherwise directed by the Legacy Giving Committee. In some cases, applicable securities laws may restrict publicly traded securities; in such instance, the Legacy Giving Committee of First Parish shall make the final recommendation on the acceptance of the restricted securities.

**Closely Held Securities.** Closely held securities, which include not only debt and equity positions in non-publicly traded companies but also interests in limited partnerships and limited liability companies or other ownership forms, can be accepted subject to the approval of the Legacy Giving Committee of First Parish. However, First Parish must review gifts of closely held securities prior to acceptance to determine if

- the appraised value has been established at the time the gift is received by First Parish;
- there are restrictions on the security that would prevent First Parish from ultimately converting those assets to cash;
- the security is marketable; and
- the security will not generate any undesirable tax consequences for First Parish.

If potential problems arise on initial review of the security, First Parish may seek further review and recommendation by an outside professional before making a final decision on acceptance of the gift. The Legacy Giving Committee of First Parish shall make the final recommendation on the acceptance of closely held securities when necessary. Every effort will be made to sell closely held securities as quickly as possible.

- 4) **Retirement Plan Beneficiary Designations.** Donors and supporters of First Parish may name First Parish as beneficiary of their retirement plans. Such designations will not be recorded as gifts to First Parish until the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- 5) **Life Insurance Beneficiary Designations.** Donors and supporters of First Parish may name First Parish as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to First Parish until the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
- 6) **Charitable Gift Annuities.** First Parish may offer charitable gift annuities through the Unitarian Universalist Association (UUA). The minimum gift for funding is \$10,000. The minimum age for life income beneficiaries of a gift annuity shall be 65. No more than two life income beneficiaries will be permitted for any gift annuity. Annuity payments may be made on a quarterly, semi-annual or annual schedule. The UUA will handle Administration of the Annuity.

- 7) **Charitable Remainder Trusts.** First Parish may accept designation as remainder beneficiary of a charitable remainder trust with the approval of the Standing Committee of First Parish. First Parish will not accept appointment as trustee of a charitable remainder trust.
- 8) **Charitable Lead Trusts.** First Parish may accept a designation as income beneficiary of a charitable lead trust with the approval of the Standing Committee of First Parish. First Parish will not accept an appointment as Trustee of a charitable lead trust.
- 9) **Tangible Personal Property.** All gifts of tangible personal property shall be examined in light of the following criteria:
  - Is the property useful for the purposes of First Parish?
  - Is the property marketable?
  - Are there any undue restrictions on the use, display or sale of the property?
  - Are there any carrying costs for the property?

The Standing Committee of First Parish shall make the final determination on the acceptance of tangible personal property.

- 10) **Real Estate.** Gifts of real estate may include developed property and undeveloped property. Prior to acceptance of the real property, the Standing Committee of First Parish shall approve the gift after consulting legal counsel.

Criteria for acceptance of the property shall include, but not be limited to:

- Is the property useful for the purposes of First Parish?
  - Is the property marketable?
  - Are there any restrictions, reservations, easements, or other limitations associated with the property?
  - Are there carrying costs, which may include insurance, property taxes, mortgages or notes, associated with the property?
  - Does the environmental audit reflect that the property is not damaged?
- 11) **Remainder Interests in Property.** First Parish will accept a remainder interest in a personal residence, farm or vacation property subject to the provisions under Real Estate above. The Donor and any life tenant may continue to occupy the real property for the duration of the stated life. At the death of the Donor, First Parish may use the property or sell it. When First Parish receives a gift of a remainder interest, expenses for maintenance, real estate taxes and any property indebtedness shall be paid by the Donor or life tenant and shall not be the obligation of First Parish.

## **IX. Miscellaneous Provisions**

**Securing appraisals and legal fees for gifts to First Parish.** It will be the responsibility of the Donor to secure an appraisal (when required) and independent legal counsel when appropriate for gifts made to First Parish.

**Valuation of gifts for development purposes.** First Parish will record a gift received by First Parish at its valuation for gift purposes on the date of gift.

**Responsibility for IRS Filings upon sale of gift items.** The Trustees of Parish Donations, in conjunction with the First Parish Director of Operations, is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by First Parish when the charitable deduction value of the item is more than \$5,000. First Parish must file this form within 125 days of the date of sale or disposition of the asset.

Acknowledgement of all gifts made to First Parish and compliance with the current IRS requirements in acknowledgement of such gifts shall be the responsibility of the Legacy Giving Committee of First Parish.

## **X. Changes to Gift Acceptance Policies**

These policies and guidelines have been reviewed and accepted by the Standing Committee of First Parish. The Standing Committee of First Parish may amend these policies and guidelines at any time and all such amendments shall be in writing and subject to Standing Committee approval.