

Title:	Gift Annuity Policy
Number:	FC 050
Effective:	July 12, 2006
Revised:	July, 2007
Review Schedule:	Annually at regularly scheduled fall meeting
Last Review:	July, 2007
Responsible Committees:	Development and Finance Committees

I. GENERAL POLICIES

- A. The Audubon Naturalist Society (ANS) will accept both:
 - 1. Current gift annuities, which begin payments within one year of the gift date, and
 - 2. Deferred payment gift annuities, whose initial payment is at least a year after the gift date. The deferral period will be at the discretion of the donor.
- B. The Audubon Naturalist Society will accept annuity gifts for:
 - 1. One life,
 - 2. Two lives in succession, or
 - 3. Joint and survivor annuity agreements.
- C. Gift annuity agreements will be limited to one life or two lives in being at the time of the gift.
- D. ANS will provide a copy of this policy to anyone considering making a gift annuity having ANS as its beneficiary, and will request the donor to confirm that he or she understands and accepts the provisions of this policy and understands that:
 - 1. Payments made under charitable gift annuities are backed solely by the full faith and credit of the Audubon Naturalist Society.
 - 2. Payment made under charitable gift annuities are not insured or otherwise guaranteed by any government entity

II. ASSETS ACCEPTED FOR ESTABLISHING AN ANNUITY

- A. The minimum acceptable gift will be:
 - 1. One life: \$50,000;

2. Two lives: \$100,000;
 3. Deferred Payment Gift Annuities: \$50,000.
- B. Except as indicated under item II.C below, gift assets will be limited to cash and securities for which a ready market exists. For such gifts, the gift annuity will be effective on date that the total value of the gift is received by the Audubon Naturalist Society or its designated representative.
- C. The Audubon Naturalist Society will, under special agreements approved by the Finance Committee, accept non-cash or cash-equivalent gifts to establish gift annuities.
1. Such gifts have to be consistent with the ANS policy governing donations of such items in effect at the time of the gift.
 2. The value placed on such a gift for the purpose of establishing the associated annuity will be the net proceeds that ANS realizes upon the sale of such gift after deducting all costs associated with its sale.
 3. The gift date for purposes of determining the amount of the annuity will be the date upon which ANS receives the proceeds from the sale of the gift.

III. ANNUITY PAYMENTS

- A. The minimum age of an annuitant on the date the payments start is 65.
- B. The maximum annuity rates offered will be the current Uniform Gift Annuity rates and in the case of deferred payment gift annuities, the current Uniform Interest Factors, both adopted by the American Council on Gift Annuities.
1. The Audubon Naturalist Society may establish a maximum annuity rate chart that is lower, but never higher than the Uniform Gift Annuity Rates of the American Council on Gift Annuities.
- C. To conform to the federally mandated "Clay-Brown Rule," the annuity rate offered will generate a charitable deduction of more than 10 percent of the fair market value of the assets given, or the annuity rate will be reduced to qualify for the deduction.
- D. To conform to various state laws, the Audubon Naturalist Society will always offer the maximum annuity rate to each potential donor/annuitant, based on the actuarial age of the annuitants, but may suggest that if the person is willing to accept a lower rate, a larger charitable deduction would be obtained for the same size gift.
- E. Annuities may be paid quarterly, semiannually or annually as requested by the annuitant.
- F. Annuity payment amounts will be rounded upward to ensure that each payment will be exactly the same amount. The Audubon Naturalist Society will never round downward to ensure same payment amounts.

- G. Annuity payments will be mailed three business days prior to the payment due date.

IV. CONFORMANCE WITH LEGAL REQUIREMENTS

- A. The Audubon Naturalist Society will stay abreast of and comply with the investment and reporting requirements of the State of Maryland as well as other states from which ANS accepts gift annuities, and with any other applicable federal or state legal requirements.
- B. Consistent with IV.A., The Audubon Naturalist Society will maintain investment and administrative records of its gift annuity fund and program to comply with all applicable state and federal requirements

V. INVESTMENTS AND RESERVES

A. Reserves

1. The Audubon Naturalist Society shall maintain net assets at least equal to the sum of the reserves on its outstanding annuity agreements.
2. The reserves of the Audubon Naturalist Society on outstanding annuity agreements shall be consistent with the assumptions underlying the rates adopted by the American Council of Gift Annuities in effect at the time of issuance of the gift annuity.
3. In determining the appropriate reserves, the Audubon Naturalist Society shall make a deduction for any portion of an annuity risk which is insured by an insurer or re-insurer licensed in the State of Maryland

B. Segregated Fund

1. To conform to various state laws, the Audubon Naturalist Society will manage a segregated gift annuity fund separate from any other ANS investment or endowment fund.
2. The full value of the gift associated with each accepted annuity will be deposited to the segregated gift annuity fund and will be maintained until the demise of the last annuitant in the agreement.
3. The CFO shall maintain a record of the current value of each gift annuity, including payments made, changing asset values, and management fees, so that an appropriate amount may be transferred from the segregated fund to the ANS investment account after the demise of the last annuitant in the agreement.
4. The assets in the segregated fund shall be invested in the same manner and subject to the same standards as are applicable to endowment funds under the Estates and Trust Article, 15-406, Annotated Code of Maryland and to the investment policies adopted

by ANS to govern its own investments to the extent that they are not inconsistent with the State of Maryland's standards.

- C. The general assets of the Audubon Naturalist Society shall be liable for annuity agreements to the extent that the segregated fund is inadequate.
- D. The Audubon Naturalist Society shall have its independent auditor, when undertaking the annual audit, verify the existence of adequate reserves among the Audubon Naturalist Society's assets to make the payments required by the existing gift annuities.

VI. REVIEW OF POLICY

This policy will be reviewed on an annual basis by the Finance Committee and the Development Committee. The Finance Committee Review shall occur at its regularly scheduled fall meeting.

Approval

Finance Committee *Kathleen Malloy* Date: 10/24/07

Development Committee *[Signature]* Date: Feb 21, 2008
(chair)

Board of Directors: *John H. Clark II* Date March 14, 2008