



Department: Development

Subject: **Charitable Remainder Trust**

Last modified on Date: 12/28/2007

Effective Date: 01/16/2008

DESCRIPTION: Following is a set of guidelines designed to protect the interests of both the donor and CCF. It describes the relationship between the donor and CCF in cases where CCF serves as trustee of charitable remainder trusts (annuity and unitrusts). CCF will consider each situation individually. Exceptions to the following policy may be made in extenuating circumstances, upon approval by the Board.

RESPONSIBLE PARTY:

LEGAL REFERENCE: Internal Revenue Code[1] Sections 664 and 2702 as outlined in Treasury Decision 8791

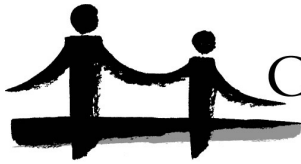
CROSS-REFERENCE:

PURPOSE: Coastal Community Foundation will serve as trustee of charitable remainder trusts (annuity and unitrusts) for donors who are interested in creating or adding to endowed funds at the Foundation. These trusts will provide an income interest to one or two individuals and, upon termination, provide the Foundation with an endowed fund for charitable purposes.

POLICY STATEMENT: Coastal Community Foundation will serve as trustee of charitable remainder trusts (annuity and unitrusts) for donors who are interested in creating or adding to endowed funds at CCF or its affiliates. These trusts will provide an income interest to one or two individuals and, upon termination, provide CCF with an endowed fund for charitable purposes.

CCF will be guided by the following guidelines, which are designed to protect the interest of both the donor and the Foundation. CCF reserves the right to either accept or decline a trustee position. It also reserves the right to resign from the position of trustee. CCF expects to accept a trustee position only if the following guidelines are met:

- 1) Generally, CCF must be named irrevocably as a charitable beneficiary of a minimum of 51% of the remainder interest; however, CCF can make exceptions at the discretion of the President. The remainder interest will be used to establish or add to an endowed fund (or funds) at CCF, which may be unrestricted, designated for particular fields of interest or charitable beneficiaries, advised, or used to support a scholarship program.
- 2) The charitable contribution value of the interest of a trust on the date of the gift must be \$100,000 or more. The minimum for additional gifts to a charitable remainder unitrust is \$25,000. By law, no additional gifts may be made to an annuity trust.
- 3) The trust may be (i) for up to two lifetime income beneficiaries or (ii) for a term of up to 20 years.



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- 4) The annual payment rate for the trust will be no less than 5% of market value (or such other minimum percentage required by law) and no more than 10% of market value, unless other terms of the trust warrant adjustment to these figures. The calculated charitable remainder value on the date of the gift must be no less than 10% of the asset value placed into the trust.
- 5) Gifts of cash and marketable securities may be used to establish charitable remainder trusts. Gifts of closely-held stock and real estate may be used only after approval by CCF.
- 6) Income distributions from the trust may be made on a quarterly, semi-annual, or annual basis. The distributions will be mailed from the offices of CCF.
- 7) CCF, in consultation with the donor, will develop an investment policy for the trust, which balances the donor's needs with the future charitable interests of the trust. CCF will name the investment manager and direct the investment management as necessary to meet its fiduciary obligations.
- 8) It will be the responsibility of the donor's legal counsel to prepare the trust agreement so that it will be available for execution at the time of the gift. Counsel for CCF will review all agreements before the execution of the trust by CCF.
- 9) All necessary appraisals of gifts, including environmental studies for gifts of real estate, will be paid for by the donor.
- 10) The trust will be responsible for paying all investment management and professional fees. CCF will supply donors with fee estimates. CCF will not assess trusts an administrative fee if 100% of the remainder is designated for funds at the Foundation, or if the portion left to the Foundation is unrestricted. For all other situations, an annual fee of .5% of the total trust balance will be charged.
- 11) An annual statement of the holdings in the trust will be sent to the donor and/or the income beneficiary in the first quarter of each calendar year.
- 12) Tax returns for the trust will be prepared by a certified public accountant engaged by the trustee and paid for by the trust.

CCF will consider each situation individually. Exceptions to the above policy may be made in extenuating circumstances upon approval by the Foundation's Board. Changes in Charitable Remainder Trust law may require modification of these policies.

REVISED BY: Brian Hussain & Courtenay Fain

DATE: 12/28/2007

REVISION APPROVED BY: Development Committee

DATE: 01/16/2008

REVISION APPROVED BY: Board of Directors

DATE: 02/15/2008