



The Jewish Federation
OF GREATER SEATTLE

PUTTING YOUR POLICY HOUSE IN ORDER

Presented by:

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THE ART COLLECTOR

Shira is one of your organization's top three annual donors and has been for the past 20 years. She sold her successful business 5 years ago and has pursued a lot of interests including collecting art work. This year, Shira presented your organization with this art work on the condition that it be displayed in the lobby. She is very insistent that this art work is going to be worth a lot of money one day.

- How would you decide whether to accept the gift? Who would be involved? What would the considerations be?
- Imagine someone accepted this gift and now you want to take the piece down from the lobby. What would you do and what do you imagine Shira's response would be?



WHAT DOES "PERPETUITY" MEAN TO YOU?

Charities Deal With a Stream of Lawsuits From Disenchanted Donors

Challenges raise thorny questions about a benefactor's demands and a nonprofit's responsibility to adhere to them

By Debra E. Blum



PURPOSE AND LEARNING OUTCOMES

Purpose

To inspire you to take charge in helping your organization adopt or update your organizational policies related to planned giving.

Learning Outcomes

- Name three key policies and understand what they do
- Understand the decision points to consider in adapting sample policies for your organization
- Describe the process for successfully adopting the policies

WHAT ARE POLICIES?

- Policies align operations, set expectations, and communicate roles and responsibilities
- Generally adopted by the Board and designed to guide staff and board in making rational decisions in a consistent way
- Helps reduce the likelihood of embarrassing situations and frayed relationships with donors
- Can include a summary of the law applicable to a particular area
- Provides a way to communicate with future generations some of the commitments that you have made

THE BIG THREE POLICIES

Gift Acceptance Policy

Lays out in advance how you will evaluate prospective gifts to your organization.

Bequest Policy

Addresses how bequests to your organization will be used.

Spending Policy

Says how much you will take from your endowed assets on an annual basis for the operating support of your organization.

BEQUEST POLICY: CRITICAL ELEMENTS

- Donor's Intent
- Restricted vs. Unrestricted Bequests
- Bequests Obtained through LIFE & LEGACY™ Participation
- Procedure for Determining Source of Bequest
- Current vs. Future Needs
- Emergent Situations



BUILDING THE FUTURE



Imagine 30 years into the future. Your organization receives a call from an attorney letting you know that one of your members left a substantial bequest for your organization in their will. Your building has been needing some renovation.

- What factors would guide you in deciding what should happen with the funds?
- How would staff at your organization know about your organization's and donor's LIFE & LEGACY commitment?
- How would staff at your organization determine whether this bequest came from the LIFE & LEGACY Program?

SPENDING POLICY: CRITICAL ELEMENTS



- Annual Payout from Endowed Funds
 - Percentage – typically 4-6%
 - Base – typically 12-16 quarter rolling average
- When to Appropriate Funds
- Involvement of Investment Advisor
- Short-term Budgetary Support vs. Intergenerational Equity

YOU VS. YOUR GRANDKIDS

You are in the thick of the annual budgeting process and this year is a particular headache. A handful of members moved away to be closer to their grandkids and there is now a large gap between your income and expenses. Your endowment fund has received a number of bequests and has been growing steadily.

- How would you decide how much to take from the fund this year?
- Generally, what is the proper balance between current needs and the needs of future generations?



GIFT ACCEPTANCE POLICY: CRITICAL ELEMENTS

- Mission and the purpose of the policy
- Policies towards restricted gifts
- Encourage donor to seek professional advice
- Gift Acceptance Committee
- Types of Gifts – Marketable securities, real property, closely held stock
- Valuation and Appraisals
- Legal Fees
- Acknowledgments
- Policy changes/Periodic Review

OUT TO SEA

Allen just sold his business and is looking for all the deductions he can get. He approaches your organization and proposes gifting you his yacht, which was originally purchased for almost \$1 million in 1994.

- Using the sample gift acceptance policy, what factors would be at play in making your decision?
- What are some possible carrying costs to be concerned about?



GENERAL DRAFTING TIPS

- Describe the purpose/intent of the policy
- Keep the reader in mind, use plain language as much as possible
- Define key terms
- Be careful of using words like “should” or “may”, generally use “must” or “will”
- Be sure that decision-makers are clearly described
- Consider hiring an attorney

ADOPTING YOUR POLICIES AND DEVELOPING AN ACTION PLAN

- To adopt the policies:
 - Draft the policies and make sure key stakeholders have reviewed them
 - Board reviews policies and minutes reflect intent behind adoption
 - Board approves the policies
 - Policies themselves list the date Board approved so that someone can revisit minutes
- Who should be involved in drafting these policies? Does your organization have relationships with attorneys/investment advisors who could assist?
- What kind of discussions should be had with the Board so that they understand the need for these policies?
- What is a reasonable deadline to set for finalizing your drafts? Obtaining Board approvals?

THANK YOU!

“I found a fruitful world, because my ancestors planted it for me. Likewise I am planting for my children.”

— Babylonian Talmud, Ta’anit 23a

Feel free to reach out with any questions:

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