

**USC Educational Foundation Disclosure Statement and Gift Acceptance Guidelines for Charitable Gifts of New Life Insurance Policies**

This disclosure statement is intended to provide Donors with a clear understanding of the way life insurance policies are accepted and managed by the University of South Carolina Educational Foundation (hereinafter referred to as “the Foundation”). The Foundation appreciates gifts of life insurance, but, due to the complexities of these gifts, has established the acceptance policies below. This statement applies only to gifts in which Donors transfer policy ownership to the Foundation.

**Gifts of New Life Insurance Policies**

A Donor considering a new policy as a gift should provide his or her insurance agent with a copy of these Gift Acceptance Guidelines for Charitable Gifts of Life Insurance so that a policy suitable for a gift can be designed.

The Foundation must review and agree to accept, prior to Donor’s purchase, any potential new life insurance policies, in order to aid him or her in assessing the value of these charitable gifts to the Foundation.

The Foundation will accept as charitable gifts only those new life insurance policies that:

1. Name the **University of South Carolina Educational Foundation** as ***sole owner and beneficiary***: FEIN: 57-6017985; Mailing address: 1027 Barnwell St., Columbia, SC 29208
2. Are reasonably expected to develop significant cash value
3. Have a death benefit value of \$200,000 or greater
4. Insure one or two individuals only, both of whom must be at least 50 years old
5. Are permanent policies, specifically whole life policies with fixed premium payments or guaranteed universal life policies with fixed premium payments
6. Have a guaranteed illustration running to age 100 for the insured individual(s)
7. Life insurance proceeds may be used to create a new endowed fund only if they meet existing criteria at the time they are received, or they may be used to create an unendowed fund, added to an existing endowed fund or added to an existing unendowed fund.
8. Should the life insurance company require proof of the Donor’s relationship to the University of South Carolina, the Foundation reserves the right to obtain and provide applicable information (including giving history) as requested.

**Premium Payments:**

1. The Donor is required to make payment to the Foundation, never directly to the insurance company.
2. Neither the Foundation nor the University of South Carolina will provide a tax receipt for premiums paid by the Donor directly to the insurance company.

3. The **Foundation will pay insurance premium payments no more frequently than annually**, and the **Donor must fulfill his or her pledge related to the life insurance premium payments within ten (10) years.**
4. The Foundation will never use its own financial resources to make premium payments and will never advance any premium payments on behalf of the Donor.
5. The Donor(s) must sign and submit a Foundation Donor Commitment Form as a pledge that he, she or they will make gifts to cover all required annual premium payments to keep the policy in force and to maintain adequate cash value.
6. The Donor(s) must pay the first annual premium to the Foundation **in full** before the new life insurance policy goes into effect. (Refer to Item #4).
7. At the same time the first full annual premium is made to the Foundation, the Donor(s) will be required to complete and submit an ACH authorization form permitting the Foundation to make **monthly** drafts from a bank account he or she designates, beginning the month immediately following the first annual premium payment due date.
8. After the Donor(s) has/have completed his or her ten-year pledge, **should it ever be necessary for the Donor(s) to make additional premium payments to keep the policy in force and/or maintain adequate cash value, he, she or they will be notified prior to the date such annual premium will be due and must pay the entire annual premium due for that year.** At that same time, the Donor(s) will also be required to complete **another updated ACH authorization form** permitting the Foundation to make **future monthly** drafts from a bank account he or she designates, effective immediately with the month following the prior year's premium payment. Monthly drafts will continue until the Foundation determines those drafts are no longer necessary.
9. On or after the 15<sup>th</sup> of each month, one-twelfth (1/12<sup>th</sup>) of the total annual insurance premium will be deducted from the Donor's(s') bank account and deposited to his, her or their life insurance fund held in the Foundation. At the time the annual premium payment is due, the Foundation must have collected funds from the Donor(s) which are at least equal to the entire annual premium amount. (Refer to Item #4).
10. **If there are insufficient funds in the designated bank account to cover the monthly ACH draft on or after the 15<sup>th</sup> of any given month, the Donor(s) will be contacted to obtain alternative bank account information. If unsuccessful in obtaining alternative bank account information within ten (10) days thereafter, the Foundation reserves the right to:**
  - A. Surrender the policy and collect the cash surrender value.
    1. If the Donor(s) intended proceeds to be used to create a new endowed fund, and at the time the policy is surrendered, the surrender value received is equal to or greater than the minimum required endowment level and associated naming opportunity level in effect at that same time, the Foundation will:
      - a. transfer the minimum required amount to the Educational Foundation fund previously designated by the Donor(s) in his, her or their life insurance gift agreement, and
      - b. transfer any remainder to the Foundation's unrestricted funds.

2. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, at the time the policy is surrendered, the cash surrender value received is less than the minimum required endowment level and associated naming opportunity level in effect at the time of surrender, the Foundation will apply the funds in the following order:
  - a. transfer the first \$10,000 of the total cash surrender value to the Foundation's unrestricted funds, and
  - b. Transfer any remainder to the Carolina Fund of the specific school or college designated in the Donor's(s') life insurance gift agreement
3. If the Donor(s) intended proceeds to be used to create a new unendowed fund, or to be added to an existing endowed fund or existing unendowed fund, the Foundation will apply the funds in the following order:
  - a. transfer the first \$10,000 of the total cash surrender value to the Foundation's unrestricted funds, and
  - b. Transfer any remainder to the funds designated in the Donor's(s') life insurance gift agreement

B. Choose the option of a Life Settlement.

1. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, at the time the policy is converted to a Life Settlement, the Life Settlement value received is equal to or greater than the minimum required endowment level and associated naming opportunity level in effect at that same time, the Foundation will:
  - a. transfer the minimum required amount to the Educational Foundation fund previously designated by the Donor(s) in his, her or their life insurance gift agreement, and
  - b. transfer any remainder to the Foundation's unrestricted funds.
2. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, at the time the policy is converted to a Life Settlement, the Life Settlement value received is less than the minimum required endowment level and associated naming opportunity level in effect at that same time, the Foundation will apply the funds in the following order:
  - a. transfer the first \$10,000 of the total Life Settlement value received to the Foundation's unrestricted funds, and
  - b. transfer any remainder to the Carolina Fund of the specific school or college designated in the Donor's(s') life insurance gift agreement
3. If the Donor(s) intended proceeds to be used to create a new unendowed fund, or to be added to an existing endowed fund or existing unendowed fund, the Foundation will apply the funds in the following order:
  - a. transfer the first \$10,000 of the total Life Settlement value received to the Foundation's unrestricted funds, and

- b. Transfer any remainder to the funds designated in the Donor's(s') life insurance gift agreement
- C. Take a reduced paid-up policy.
- 1. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, at the time the policy matures, the reduced paid-up value received is equal to or greater than the minimum required endowment level and associated naming opportunity level in effect at that same time, the Foundation will:
    - a. transfer the minimum required amount to the Educational Foundation fund previously designated by the Donor(s) in his, her or their life insurance gift agreement, and
    - b. transfer any remainder to the Foundation's unrestricted funds.
  - 2. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, at the time the policy matures, the reduced paid-up value received is less than the minimum required endowment level and associated naming opportunity level in effect at the time of surrender, the Foundation will apply the funds in the following order:
    - a. transfer the first \$10,000 of the total reduced paid-up value to the Foundation's unrestricted funds, and
    - b. transfer any remainder to the Carolina Fund of the specific school or college designated in the Donor's(s') life insurance gift agreement
  - 3. If the Donor(s) intended proceeds to be used to create a new unendowed fund, or to be added to an existing endowed fund or existing unendowed fund, the Foundation will apply the funds in the following order:
    - a. transfer the first \$10,000 of the total reduced paid-up value to the Foundation's unrestricted funds, and
    - b. Transfer any remainder to the funds designated in the Donor's(s') life insurance gift agreement
- D. Let the policy lapse
- E. Continue to make premium payments and, at the death of the insured, retain 100% of the policy proceeds for the benefit of the Foundation's unrestricted funds
- F. Take an alternative action not listed in Items A – E directed and approved as prudent by the President & CEO and the Chief Financial Officer of the Foundation.

I attest that I have read this disclosure statement, fully understand it and commit to its terms.

\_\_\_\_\_  
Signature of Donor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Donor

\_\_\_\_\_  
Date

**USC Educational Foundation Disclosure Statement and Gift Acceptance Guidelines for Charitable Gifts of Existing Life Insurance Policies**

**Gifts of Existing Life Insurance Policies**

This disclosure statement is intended to provide Donors with a clear understanding of the way life insurance policies are accepted and managed by the University of South Carolina Educational Foundation (hereinafter referred to as “the Foundation”). The Foundation appreciates gifts of life insurance, but, due to the complexities of these gifts, has established the acceptance policies below. This statement applies only to gifts in which Donors transfer policy ownership to the Foundation.

The Foundation will accept as charitable gifts only those existing life insurance policies that:

1. Name the **University of South Carolina Educational Foundation as sole owner and beneficiary of the policy:** FEIN: 57-6017985; Address: 1027 Barnwell St., Columbia, SC 29208
2. Are fully paid up under a current guaranteed interest rate illustration running to age 100 for the insured individual(s)
3. Have a cash value of at least the current minimum endowment level in effect at the time the life insurance gift is made.
4. Have a death benefit value of \$200,000 or greater **(Note that any policy with a death benefit of \$5,000 or more requires a qualified independent appraisal of the policy to substantiate the gift for IRS purposes. The donor is responsible for obtaining and paying for the appraisal.)**
5. Insure one or two individuals only who must be at least 50 years old
6. Are permanent policies, specifically whole life policies with fixed premium payments or guaranteed universal life policies with fixed payments
7. Have no outstanding loans
8. Life insurance proceeds may be used to create a new endowed fund if they meet existing criteria at the time they are received, to create a new unendowed fund, or they may be added to an existing endowed or unendowed fund.
9. Should the life insurance company require proof of the Donor’s(s’) relationship to the University of South Carolina, the Foundation reserves the right to obtain and provide applicable information (including giving history) as requested.

**Premium Payments:**

1. **Should additional premium payments ever be necessary to keep the policy in force,** the Donor(s) will be required to make payment to the Foundation, never directly to the insurance company.
2. **Should additional premium payments ever be required of the Donor(s),** neither the Foundation nor the University of South Carolina will provide a tax receipt for premiums paid by the Donor(s) directly to the insurance company.

3. **Insurance premium payment dates for the policy must be no more frequent than annually.**
4. The Educational Foundation will never use its own financial resources to make premium payments on any donated life insurance policy and will never advance any premium payments on behalf of the Donor(s).
5. The Donor(s) must sign a Foundation Donor Commitment Form as a pledge that he, she or they will make gifts to cover all required annual premium payments to keep the policy in force and/or maintain adequate cash value, should that ever be necessary.
6. Should it ever be necessary for the Donor(s) to make additional premium payments to keep the policy in force and/or maintain adequate cash value, he, she or they will be notified prior to the date such annual premium will be due and **must pay the entire annual premium due for that year. At that same time, Donor(s) will also be required to complete the ACH authorization portion of the Donor Commitment Form permitting the Foundation to make future monthly drafts from a bank account he, she or they designate(s), effective immediately with the month following the prior year's premium payment. Monthly drafts will continue until the Foundation determines those drafts are no longer necessary.**
7. If #6 becomes effective, **the entire annual premium will be due and payable immediately.** Thereafter, on or after the 15<sup>th</sup> of each month, 1/12<sup>th</sup> of the total annual insurance premium will be deducted from the Donor's(s') bank account and deposited to his, her or their life insurance fund held in the Foundation. At the time the second annual premium payment is due, and every year thereafter by the premium due date, for as long as the Foundation requires, the Foundation must have collected funds from the Donor(s) at least equal to the entire annual premium amount.
8. **Should it ever be necessary for the Donor(s) to make additional premium payments through ACH draft to keep the policy in force and/or maintain adequate cash value, and if there are insufficient funds in the designated bank account to cover the monthly ACH draft on or after the 15<sup>th</sup> of any given month, the Donor(s) will be contacted to obtain alternative bank account information. If unsuccessful in obtaining alternative bank account information within ten (10) days thereafter, and there are not enough funds collected at that time to cover the next annual premium payment due, the Foundation reserves the right to:**
  - A. Surrender the policy and collect the cash surrender value.
    1. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, at the time the policy is surrendered, the surrender value received is equal to or greater than the minimum required endowment level and associated naming opportunity level in effect at that same time, the Foundation will:
      - a. transfer the minimum required amount to the Educational Foundation fund previously designated by the Donor(s) in his, her or their life insurance gift agreement, and
      - b. transfer any remainder to the Foundation's unrestricted funds.
    2. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, at the time the policy is surrendered, the surrender value received is less than the minimum required endowment level and associated naming opportunity level in effect at that time, the Foundation will apply the funds in the following order:

- a. transfer the first \$10,000 of the total cash surrender value to the Foundation's unrestricted funds, and
    - b. transfer any remainder to the Carolina Fund of the specific school or college designated in the Donor's(s') life insurance gift agreement
  3. If the Donor(s) intended proceeds to be used to create a new unendowed fund, or to be added to an existing endowed fund or existing unendowed fund, the Foundation will apply the funds in the following order:
    - a. transfer the first \$10,000 of the total cash surrender value to the Foundation's unrestricted funds, and
    - b. transfer any remainder to the funds designated in the Donor's life insurance gift agreement
- B. Choose the option of a Life Settlement.
1. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, at the time the policy is converted to a Life Settlement, if the Life Settlement value received is equal to or greater than the minimum required endowment level and associated naming opportunity level in effect at that same time, the Foundation will:
    - a. transfer the minimum required amount to the Educational Foundation fund previously designated by the Donor(s) in his, her or their life insurance gift agreement, and
    - b. transfer the remaining cash to the Foundation's unrestricted funds.
  2. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, if at the time the policy is converted to a Life Settlement, the Life Settlement value received is less than the minimum required endowment level and associated naming opportunity level in effect at that same time, the Foundation will apply the funds in the following order:
    - a. transfer the first \$10,000 of the total Life Settlement value received to the Foundation's unrestricted funds, and
    - b. transfer any remainder to the Carolina Fund of the specific school or college designated in the Donor's(s') life insurance gift agreement
  3. If the Donor(s) intended proceeds to be used to create a new unendowed fund, or to be added to an existing endowed fund or existing unendowed fund, the Foundation will apply the funds in the following order:
    - a. transfer the first \$10,000 of the total Life Settlement value received to the Foundation's unrestricted funds, and
    - b. transfer any remainder to the fund designated in the Donor's(s') life insurance gift agreement

- C. Take a reduced paid-up policy.
  - 1. If the Donor(s) intended proceeds to be used to create a new endowed fund, then at the time the policy matures, if the reduced paid-up value received is equal to or greater than the minimum required endowment level and associated naming opportunity level in effect at that same time, the Foundation will:
    - a. transfer the minimum required amount to the Educational Foundation fund previously designated by the Donor(s) in his, her or their life insurance gift agreement, and
    - b. transfer any remainder to the Foundation's unrestricted funds.
  - 2. If the Donor(s) intended proceeds to be used to create a new endowed fund, and, if at the time the policy matures, the reduced paid-up value received is less than the minimum required endowment level and associated naming opportunity level in effect at the time of surrender, the Foundation will apply the funds in the following order:
    - a. transfer the first \$10,000 of the total reduced paid-up value received to the Foundation's unrestricted funds, and
    - b. transfer any remainder to the Carolina Fund of the specific school or college designated in the Donor's(s') life insurance gift agreement
  - 3. If the Donor(s) intended proceeds to be used to create a new unendowed fund, or to be added to an existing endowed fund or existing unendowed fund, the Foundation will apply the funds in the following order:
    - a. transfer the first \$10,000 of the total reduced paid-up value received to the Foundation's unrestricted funds, and
    - b. transfer any remainder to the funds designated in the Donor's(s') life insurance gift agreement
- D. Let the policy lapse
- E. Continue to make premium payments and, at the death of the insured(s), retain 100% of the policy proceeds for the benefit of the Foundation's unrestricted funds.
- F. Take an alternative action not listed in Items A – E directed and approved as prudent by the President & CEO and the Chief Financial Officer of the Foundation.

I attest that I have read this disclosure statement, fully understand it and commit to its terms.

\_\_\_\_\_  
Signature of Donor

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature of Donor

\_\_\_\_\_  
Date



**APPENDIX A - Donor Commitment Form for a Gift of Life Insurance**

TO: University of South Carolina Educational Foundation

RE: Life Insurance Policy # \_\_\_\_\_ Name of Insured \_\_\_\_\_  
Issued by Company \_\_\_\_\_ Date of Issue: \_\_\_\_\_  
Death Benefit Amount: \_\_\_\_\_  
Current Cash Surrender Value (if policy is existing): \_\_\_\_\_

*To be completed for all gifts of new life insurance policies. \*Please provide a voided check with this form.\*  
\*\*Not applicable for gifts of existing policies, which must be paid in full prior to acceptance.\*\**

In donating this life insurance policy to the USC Educational Foundation, I/we hereby acknowledge my/our obligation to make sufficient payments to the Foundation which will be used to keep this policy in force and/or to maintain its cash value. If the life insurance policy is new, I pledge to make premium payments of \$ \_\_\_\_\_ monthly (equal to 1/12<sup>th</sup> of the annual premium payment due) for ten (10) years. I authorize the USC Educational Foundation to make monthly ACH withdrawals from the following checking or savings account on or after the 15<sup>th</sup> of each month:

Bank Name: \_\_\_\_\_  
Bank Account #: \_\_\_\_\_  
Bank Routing #: \_\_\_\_\_

I/we understand additional premiums may be required to keep the life insurance policy in force, even after completion of my/our initial ten-year pledge. Should such circumstances occur, I/we agree these additional premiums are my/our responsibility, and will complete an updated authorization form, thereby complying with the Foundation's ACH policy to make monthly ACH withdrawals from my/our checking/savings account.

*To be completed for all gifts of life insurance policies.*

I/we understand any failure on my/our part to make the scheduled monthly donated premium gifts on time, now or in the future, or any decline in the policy's cash value, will cause the Foundation to surrender the policy, choose the option of a Life Settlement, take a reduced paid-up policy, let the policy lapse, continue to make premium payments and, at the death of the insured(s), retain 100% of the policy proceeds for the benefit of the Foundation's unrestricted funds, or take an alternative action not listed as directed and approved by the President & CEO and the Chief Financial Officer of the Foundation, in order to preserve the policy's value for its intended charitable purpose.

\_\_\_\_\_  
Donor Name

\_\_\_\_\_  
Donor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Donor Name

\_\_\_\_\_  
Donor Signature

\_\_\_\_\_  
Date

I/we further acknowledge my/our understanding that this projected schedule is based on a policy illustration that used non-guaranteed assumptions about the future rate of growth of the policy's cash value. If the policy performs more poorly than illustrated, I/we understand that the premium schedule described above may be insufficient to properly support this policy and maintain its cash value. If such becomes the case, I/we understand that I/we may be asked for additional premium payments at some point in the future, and that the policy may be modified or liquidated if I/we fail to make any required additional premium payment. USC Educational Foundation has not provided any tax advice for this gift of life insurance.

\_\_\_\_\_  
Donor Name

\_\_\_\_\_  
Donor Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Donor Name

\_\_\_\_\_  
Donor Signature

\_\_\_\_\_  
Date

APPENDIX B  
(GIVE TO INSURANCE AGENT)

**Guidelines for Donors Planning a Charitable Gift Through a Life Insurance Policy**

These guidelines have been prepared for Donors who intend to apply for a new or existing life insurance policy that will be used as a charitable gift. This sheet is designed to assist your insurance professional in selecting a life insurance policy that will be appropriate as a gift to the Foundation. The Foundation must review and approve for acceptance, prior to purchase or in-kind gift, any new or existing life insurance policies in order to aid Donors in assessing the value of such gifts to the Foundation.

Required characteristics for a life insurance policy intended as a charitable gift are:

1. A face value (death benefit) of at least \$200,000 that has the component of preserving and growing cash value.
2. Is a Permanent Whole-life policy with fixed premium payments, or a Guaranteed Universal Life policy with fixed premium payments, illustrated to stay in force until age 100 for insured's(s') lifetime at the current rate. **Do not purchase variable or term life insurance.**
3. Single premium or fully paid up within ten (10) years. For Guaranteed Universal Policies, the premium vanishes at the guaranteed rate within ten (10) years (i.e., interest accumulates).
4. Growing or at least level cash value until age 100 at the current rate. The death benefit must be low enough to accomplish this objective.
5. Issued by a company rated at least "A+" by A.M. Best.
6. No term, child, guaranteed insurability or other riders of any kind.
7. Insured on one or two individuals only, who must each be a minimum of 50 years old.
8. Dividends accumulate interest and/or are used to pay premiums. Dividends should not be paid in cash but can be used to purchase paid-up additions.
9. Insurance premiums are due to the insurance company no more frequently than annually.
10. Ownership must be fully transferred to the University of South Carolina Educational Foundation. The Donor(s)/insured(s) may retain no incidents of ownership. The Foundation must be the 100% irrevocable beneficiary of the death benefit.

I hereby attest that \_\_\_\_\_ (Insurance Co. Name) Policy  
# \_\_\_\_\_ insuring the life/lives of \_\_\_\_\_  
\_\_\_\_\_ has been certified by its Underwriting  
Department as fully compliant with all requirements defined above for acceptance as a charitable gift to the  
University of South Carolina Educational Foundation:

\_\_\_\_\_  
Licensed Insurance Agent's Name

\_\_\_\_\_  
Name of Insurance Agency (if applicable)

\_\_\_\_\_  
Licensed Insurance Agent's Signature

\_\_\_\_\_  
Date

## **APPENDIX C - Checklist for Accepting Donations of Life Insurance Policies**

### For Existing Policies:

- The policy complies with Guidelines for Existing Life Insurance Policies
- Copies of the contract and original application have been provided to the Educational Foundation
- A current in-force illustration at both the current rate and guaranteed rate has been provided to the Educational Foundation (for Guaranteed Universal Life with fixed premium payments and Whole Life policies with fixed premium payments)
- A current or recent statement showing policy values has been provided to the Educational Foundation
- The USC Educational Foundation has received a qualified independent appraisal for the value of the life insurance policy, which is the total responsibility of the Donor(s) to provide)
- The USC Educational Foundation has signed a Form 8283 provided by the Donor, if it contains the signature of a qualified independent appraiser
- The policy's death benefit is at least \$200,000
- Cash value of the policy must be at least equal to \$25,000
- The insured individual(s) is/are at least 50 years old
- There are no outstanding loans against the policy

### For New Policies:

- The policy complies with the Guidelines for New Life Insurance Policies
- Copies of the contract application and illustration have been provided to the Educational Foundation
- The policy's death benefit is at least \$200,000
- The insured individual(s) is/are at least 50 years old
- Only permanent insurance, specifically Whole Life policies with fixed premium payments and Guaranteed Universal Life policies with fixed premium payments
- Policy must be reasonably expected to generate significant cash value

### For All Policies:

- The Donor has read and signed the applicable Life Insurance Gift Disclosure Form
- The Donor has signed the applicable sections of the Donor Commitment Form
- The Donor agrees that the Foundation is not providing any tax advice for this gift of life insurance.

- The ownership of the policy has been transferred to the Foundation.
- The University of South Carolina Educational Foundation (FEIN 57-6017985) has been named 100% irrevocable beneficiary
- The Donor has been provided with a gift acknowledgment receipt
- “Beneficiary Only” designations are encouraged for Donors/insured individuals under the age of 50, or for life insurance policies with a face value death benefit of less than \$200,000. Because of new tax law changes, Donors may no longer be itemizing; therefore, charitable deductions for annual premiums are less important. “Beneficiary Only” designations are especially advantageous when the Donor(s) has/have multiple charitable interests.

Effective as of 1/23/2020