

Successful Planned Giving: **Gift Policies, Procedures and Administration**

A successful gift planning program requires establishing policies and procedures that can help your organization grow a sustainable program while mitigating risk. Following these steps will help you build a program that supports your mission.

STEP 1 Gift Acceptance Policy

STEP 2 Gift Acceptance Procedures

STEP 3 Gift Administration Procedures

STEP 4 Investment Policy Statement

STEP 5 Ongoing Review



Policy & Procedure Priorities:

- Gift acceptance
- Gift completion
- Ongoing administration and investment management

STEP 1 Gift Acceptance Policy

A recommended best practice for nonprofits is to create, obtain board approval, follow and regularly review a Gift Acceptance Policy. While it's a natural inclination to want to accept all gifts, certain gifts may not support your mission, can be too costly, or can create reputational or other risks. The policy establishes the guidelines for the assets your organization will accept and the types of giving vehicles it will promote. It also describes the parameters for any required due diligence and gifts that are unacceptable.



Gift Acceptance Policy should include:

- Mission and purpose of the organization
- Acceptable gift types and funding assets
- Types of gift vehicles and other parameters including:
 - Planned gift vehicles
 - Donor age and gift minimums and maximums (as appropriate)
 - Organization's fiduciary role
- Role and responsibilities of the Gift Acceptance Committee, legal counsel and other required expertise
- Restrictions on gifts
- Responsibility to donors: confidentiality, legal counsel, avoidance of conflicts of interest

With a well-executed Gift Acceptance Policy in place, the next step is to create and maintain procedures that not only provide a consistent and efficient experience for both your internal stakeholders and your donors, but also minimize risk for your organization.

STEP 2 Gift Acceptance Procedures

Gift Acceptance Procedures are step-by-step instructions that outline the initial gift transaction and identify roles and responsibilities along the way.

Detailed procedures should include:

- Required documents such as gift applications, legal agreements or contracts, designation forms and gift receipts
- Approved document signers
- Methodology used to establish payout rates
- Standards for receiving and recording funding assets



Proper Handling of Mrs. Smith's Gift

Mrs. Smith would like to donate 100 shares of XYZ to fund a charitable gift annuity that will fund a scholarship. Your organization's *Gift Acceptance Policy* states it can accept shares of common stock, that you do offer life income charitable gift annuities as a vehicle and that designations on a gift are allowable. The *Gift Acceptance Procedure* should be referenced next to guide you through executing and finalizing this gift. Once accepted, the gift should then be handled through *Gift Administration Procedures*. The gifted assets should be invested according to the *Investment Policy Statement*.

STEP 3 Gift Administration Procedures

Once a gift is received, your organization must ensure that all requirements for proper administration, reporting and compliance for the gift are met. Failure to meet these obligations could result in financial penalties and reputational risk. Gift Administration Procedures document the process for important tasks such as issuing payments and tax forms, maintaining and tracking beneficiary data, and complying with state and other regulations. Depending on your firm's internal resources, you may want to consider seeking assistance from a third-party that has expertise in gift administration.

STEP 4 Investment Policy Statement

Prudent asset management is foundational for a successful planned giving program. When investing split-interest gift assets, balancing the interests of income beneficiaries and your organization is critical. Sound investment practices require that you consider the unique characteristics of each gift when structuring portfolios, including account type, projected time horizon, distribution requirements, tax considerations and social screening.

A well-defined Investment Policy Statement (IPS) is essential to realizing your organization's planned giving objectives. It serves as a roadmap for how assets will be managed. A thoughtfully constructed IPS should provide clear and explicit guidelines for the management of planned giving assets.

What's in an IPS?

BNY Mellon Wealth Management works with clients to create a comprehensive Investment Policy Statement that includes:

- Investment objectives
- Investment objective selection methodology
- Tax and regulatory considerations
- Asset allocation
- Implementation guidelines
- Risk tolerance
- Asset class guidelines
- Rebalancing method
- Duties and responsibilities of the manager and the client

STEP 5 Ongoing Review

Lastly — and perhaps most importantly — is to establish clear guidelines for the regular review of all policies and procedures. Routine reviews help to ensure policies and procedures remain current and relevant and reflect practices that align with your resources, strategic goals and objectives, and mission.

About BNY Mellon Wealth Management Planned Giving

BNY Mellon Wealth Management Planned Giving can help advise you on strategies to manage and grow your planned giving programs. For over 30 years, we have served nonprofit organizations with comprehensive gift management, tailored investment management solutions, and donor and organizational support. We understand the motivations of donors and the complex philanthropic and estate planning approaches used to preserve wealth while giving back to the community.

Leveraging these insights and the broad resources of BNY Mellon, our clients benefit from the deep and broad resources of BNY Mellon Wealth Management, a leading wealth manager with more than two centuries of experience serving financially successful individuals and families, their family offices and business enterprises, planned giving programs, and endowments and foundations.

   @BNYMellonWealth | bnymellonwealth.com

This material is provided for illustrative/educational purposes only. This material is not intended to constitute legal, tax, investment or financial advice. Effort has been made to ensure that the material presented herein is accurate at the time of publication. However, this material is not intended to be a full and exhaustive explanation of the law in any area or of all of the tax, investment or financial options available. The information discussed herein may not be applicable to or appropriate for every investor and should be used only after consultation with professionals who have reviewed your specific situation. The Bank of New York Mellon, DIFC Branch (the “Authorized Firm”) is communicating these materials on behalf of The Bank of New York Mellon. The Bank of New York Mellon is a wholly owned subsidiary of The Bank of New York Mellon Corporation. This material is intended for Professional Clients only and no other person should act upon it. The Authorized Firm is regulated by the Dubai Financial Services Authority and is located at Dubai International Financial Centre, The Exchange Building 5 North, Level 6, Room 601, P.O. Box 506723, Dubai, UAE. The Bank of New York Mellon is supervised and regulated by the New York State Department of Financial Services and the Federal Reserve and authorized by the Prudential Regulation Authority. The Bank of New York Mellon London Branch is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. Details about the extent of our regulation by the Prudential Regulation Authority are available from us on request. The Bank of New York Mellon is incorporated with limited liability in the State of New York, USA. Head Office: 240 Greenwich Street, New York, NY, 10286, USA. In the U.K. a number of the services associated with BNY Mellon Wealth Management’s Family Office Services– International are provided through The Bank of New York Mellon, London Branch, One Canada Square, London, E14 5AL. The London Branch is registered in England and Wales with FC No. 005522 and BR000818. Investment management services are offered through BNY Mellon Investment Management EMEA Limited, BNY Mellon Centre, One Canada Square, London E14 5AL, which is registered in England No. 1118580 and is authorized and regulated by the Financial Conduct Authority. Offshore trust and administration services are through BNY Mellon Trust Company (Cayman) Ltd. This document is issued in the U.K. by The Bank of New York Mellon. In the United States the information provided within this document is for use by professional investors. This material is a financial promotion in the UK and EMEA. This material, and the statements contained herein, are not an offer or solicitation to buy or sell any products (including financial products) or services or to participate in any particular strategy mentioned and should not be construed as such. BNY Mellon Fund Services (Ireland) Limited is regulated by the Central Bank of Ireland BNY Mellon Investment Servicing (International) Limited is regulated by the Central Bank of Ireland.

Trademarks and logos belong to their respective owners. BNY Mellon Wealth Management conducts business through various operating subsidiaries of The Bank of New York Mellon Corporation.

The information in this paper is as of October 2022. It is based on sources believed to be reliable, but content accuracy is not guaranteed.