

Texas Tech University System

Regulation 04.07

Deferred and Planned Gifts

Approved: July 2025

Next Scheduled Review: July 2030

1. Purpose

- a. This System Regulation provides Components of the Texas Tech University System with guidance relating to the evaluation and acceptance of deferred and planned gifts made to Texas Tech Foundation, Inc. (“TTFI”), or other Affiliated Entity, for the benefit of a Component Institution or directly to a Component Institution. Deferred or planned gifts include, but are not limited to, gifts from bequests, trusts, charitable gift annuities, remainder interests, individual retirement accounts, and life insurance.

2. General

- a. Texas Tech University System (the “System”) Regents’ Rules 06.01.1 states that the Chancellor and the Vice Chancellor of Institutional Advancement (the “VCIA”) shall establish and administer procedures for the proper acceptance and acknowledgement of all Gifts.

3. Definitions

All definitions outlined in Texas Tech University System Regulation 04.01 apply to this System Regulation.

- a. Bequest – a gift of personal or real property made as part of a will or trust.
- b. Beneficiary – an individual named in a will or trust, or other financial instrument, to receive property from a grantor. This includes beneficiary designations from Individual Retirement Accounts, insurance policies, etc.
- c. Charitable Gift Annuity – a contract under which a 501(c)(3) qualified public charity, in return for an irrevocable transfer of cash or other property, agrees to pay the annuitant(s) a lifetime income.
- d. Charitable Trust – a trust that is not tax exempt, all of the unexpired interests of which are devoted to one or more charitable purposes, and for which a charitable

contribution deduction was allowed under a specific section of the Internal Revenue Code.

- e. Grantor, settlor, trustor – the individual who creates and funds a trust.
- f. Life Insurance – a contract between an insurance company and a policyholder, where the policyholder pays a premium in exchange for the insurance company paying a sum of money to one or more named beneficiaries upon the death of the policyholder.
- g. Living Trust – a trust that becomes operative when the grantor is alive.
- h. Remainder Interest – the right to own or possess real property in full or jointly with other remainder interest holders at the life interest holder's death.
- i. Testamentary Trust – a trust that does not become operative until grantor's death.
- j. Trust – in general, a trust is a relationship in which one person holds title to property, subject to an obligation to keep or use the property to benefit another.
- k. Trustee – a third party who is authorized by a settlor to execute and manage trust assets.

4. Establishment of Institutional Operating Policies (“OPs”)

- a. Each Component will be responsible for maintaining Institutional Operating Policies related to the acceptance of deferred and planned gifts. These policies are subject to, and should comply with, the guidelines and policies established under Regents' Rules and System Regulations, as well as State and Federal law. Policies should be drafted in cooperation with Texas Tech University System Office of Institutional Advancement (“IA”) and the Texas Tech University System Office of the Vice Chancellor and Chief Financial Officer (“VCCFO”).

5. Gift Acceptance – General

- a. The VCIA, Texas Tech University System Institutional Advancement, Financial Services (“IAFS”), and Texas Tech University System Institutional Advancement, Gift Planning and Legal Services (“IA GPLS”) shall review all deferred and planned gifts in accordance with the standards and procedures outlined in this Regulation, as well as Texas Tech University System Regulation 04.01 prior to acceptance. If a deferred or planned gift requires any additional review and/or approvals (as outlined below), such approvals will be obtained before acceptance of the gift occurs.
- b. All gift planning documentation and approvals shall be routed through IA GPLS.

6. Bequests & Distributions

- a. Bequests in the form of cash, checks, securities, real property, or personal property must comply with the benefiting Component's Operating Policies and Procedures relating to Gift Acceptance and TTU System Regulation 04.01.
- b. All efforts shall be made to bring a bequest into conformity with these policies during the lifetime of the donor. If a bequest does not comply with the Component's Operating Policies and Procedures relating to Gift Acceptance or TTU System Regulation 04.01, upon the death of the donor the bequest will not be accepted and shall be disclaimed.
- c. In order to properly document a bequest, initiate the designated society form for the applicable institution through IA GPLS.
- d. All bequest language should name "TTFI for the benefit of the [Name of applicable Component Institution]" as the beneficiary.
- e. To properly substantiate the receipt and value of the bequest, the donor is asked to provide the verbiage from the operative document that names the Component or TTFI as the beneficiary.

7. Charitable Trusts

- a. TTFI may serve as a trustee of charitable trusts that benefit TTFI if the trusts conform to the policies and procedures adopted by TTFI. The trusts will be managed by a manager outside of the Component that will be engaged to provide the appropriate services necessary to manage and report on the trusts.
- b. Unless otherwise approved by the Board of Directors of TTFI, charitable trusts for which TTFI serves as a trustee must comply with the following requirements:
 - i. The value of the initial corpus of each trust must be no less than \$50,000 or the donor must agree in writing to bring the corpus of the trust to at least \$50,000 within three (3) years.
 - ii. With regard to charitable remainder trusts managed by TTFI's third-party administrator, TTFI must receive 100 percent of the remaining corpus of the trust upon its termination, unless otherwise agreed upon in writing prior to establishment of the trust.

- iii. Any gift in trust to TTFI must comply with the existing gift acceptance policies of TTFI.
- iv. All trusts must use a standard trust agreement appropriate to the gift approved by the Board of Directors of TTFI.

8. Charitable Gift Annuities

- a. TTFI has established a gift annuity program and will accept and establish gift annuities and deferred gift annuities that benefit TTFI, provided that the donor directs 90% of the remainder to anywhere within TTUS, and 10% of the remainder is directed to TTFI to support its charitable gift annuity program.
- b. All gift annuities and deferred gift annuities will be managed by a third-party administrator that will be engaged to provide the appropriate services necessary to manage and report on gift annuities.
- c. Without prior approval of the treasurer of TTFI, no gift annuity shall be accepted which names an income beneficiary under 60 years of age.
- d. Deferred gift annuities shall be accepted from donors less than 60 years of age if income is not payable until the donor reaches the age of 60 years or after.
- e. There shall be no more than two income beneficiaries for a gift annuity.
- f. The minimum initial contribution for a gift annuity shall be \$25,000.
- g. The minimum contribution for an additional gift annuity by an individual who has previously established a gift annuity shall be \$10,000.

9. Remainder Interests

- a. Gifts in which the donor retains a life interest in real property may be accepted if approved by the Board of Directors of TTFI or the Texas Tech University System Board of Regents.

10. Life Insurance

- a. TTFI or an Affiliated Entity may be the beneficiary, but not take ownership, of any type of life insurance policy, including term, variable, or whole life insurance policies.

- b. TTFI may, under limited circumstances, accept ownership of whole life insurance policies if the policy is considered paid-up, or is paid up within a reasonable amount of time, and the minimum death benefit is \$500,000,
- c. No insurance products may be endorsed for use in funding gifts to TTFI without appropriate approval from the Board of Directors of TTFI and/or the Texas Tech University System Board of Regents.
- d. The names of donors to TTFI, an Affiliated Entity, or any Component will not be furnished to anyone for the purpose of marketing life insurance benefitting TTFI, an Affiliated Entity, or any Component, as this practice constitutes a potential conflict of interest and may be construed as involvement in the marketing of life insurance.