

*University Community*

<p><b>SUBJECT (R*)</b></p> <p>Establishing and Investing Gift Annuities</p>	<p><b>EFFECTIVE DATE (R)</b></p> <p>June 5, 2002</p>
<p><b>RESPONSIBLE UNIVERSITY DIVISION/DEPARTMENT (R)</b></p> <p>FIU Foundation Inc. 11200 SW 8<sup>th</sup> Street MARC 5TH Floor Miami, FL 33199</p>	<p><b>RESPONSIBLE UNIVERSITY OFFICER (R)</b></p> <p>Assistant Vice President - FIU Foundation Inc.</p>

**POLICY STATEMENT (R)**

A minimum of \$20,000 is needed to establish a gift annuity within the FIU Foundation. Payments to donors of gift annuities will be made on a quarterly basis (March, June, September, and December). Once the donor of a gift annuity passes away, if the annuity is to become an endowment (as stipulated in the gift agreement), then all endowment policies will be applied to the annuity. As such, if the balance of a gift annuity is less than \$25,000 at the time the donor passes away, the funds will be combined within an existing general endowment account with a similar purpose. This should be stipulated in all annuity gift agreements.

Funds received from gift annuities are invested separately from all other Foundation funds, as required by the laws governing the State of Florida. Earnings/losses made on gift annuities are pooled (separately from earnings/losses made on all other investments), and at the end of each quarter, each gift annuity receives its pro-rated percentage of the pool's total investment earnings/losses (including interest and appreciation).

**RELATED INFORMATION (O)**

Investing Endowed Funds and Use of Earnings Policy  
Florida Statue, Chapter 627.481, *Requirements for Certain Annuity Agreements*

<b>CONTACTS (R)</b>		
<b>Administrative Office's Address</b>	<b>Telephone Number</b>	<b>Fax Number</b>
<p>FIU Foundation Inc. 11200 SW 8<sup>th</sup> Street MARC 5TH Floor Miami, FL 33199</p>	<p>305-348-3758</p>	<p>305-348-3824</p>

### **HISTORY (R)**

This policy was approved by the Foundation's Board of Directors on June 5, 2002.

By action of the 2002 Regular Session of the Florida Legislature changes were enacted that revised Chapter 627.481, Florida Statutes, "Requirements for Certain Annuity Agreements". The effective date of the new law was October 1, 2002. Among the changes caused by this new law was the reduction of the required surplus above the computed reserve that a charity must maintain which was reduced from 25% to 10%. In addition, annuity benefits under any such annuity agreement must be calculated to return to the re

### **DEFINITION (R)**

Gift Annuity- is a contract under which a charity, in return for a transfer of cash, marketable securities or other assets, agrees to pay a fixed amount of money to the donor (annuitant) during his/her lifetime. The payments are fixed and unchanged for the term of the contract. A portion of the payments to the annuitant are considered a partial tax-free return of the donor's gift, which is spread in equal payments over the life expectancy of the annuitant. An annuity is backed by the charity's entire assets, not just by the property contributed.

### **RESPONSIBILITIES (O)**

**\*R = Required**

**\*O = Optional**