

VSF Planned Giving Policy	Veterans Service Fund – Planned Giving	Effective: 3.25.2021
VSF Policy 3		Revised: 3.25.2021

**VIRGINIA VETERANS SERVICES FOUNDATION**  
**Veterans Services Fund – Planned Giving**  
**Policy and Procedures**

**F3.0 Notice**

This policy is not legal advice. Potential donors should contact their attorneys to obtain advice relating to planned gifts.

**F3.1 Purpose**

- A. The Virginia Veterans Services Foundation (VSF or Foundation) seeks to offer planned gift opportunities to donors by establishing a Planned Giving Program. To that end, this policy is established to recognize that VSF understands its primary responsibility is to the donors and VSF shall always remain cognizant of the donor’s needs and desires. Recognizing this, VSF only will be able to accept distributions that are lump-sum payments because VSF is not organized or staffed to process and track installment payments under certain types of participatory life insurance programs, annuity distributions, or other similar agreements.
- B. Planning and coordination are essential to successful planned giving and to avoid duplication in approaching potential donors in the name of the VSF and the Virginia Department of Veterans Services (DVS). To preserve the credibility of VSF and DVS among their financial supporters and the public, as well as to optimize resources, this policy will govern all private planned giving requests made on behalf of VSF and DVS and/or activities related to these two agencies and groups affiliated therewith.
- C. To implement this policy, a Planned Giving Sub-committee of the VSF Development Committee is a board of trustees’ special subcommittee under the Development Committee. It shall be formed, when required, to supervise the Planned Gift Program and make appropriate recommendations. The Subcommittee shall be chaired by the Assistant Chair of the Development Committee and contain an odd number of members not to exceed five Appointed by the Chair of the Development Committee in consultation with the Committee Assistant Chair. Development Committee advisors also may participate and assistance may be sought from the Office of the Attorney General.

**F3.2 References**

This policy is made in accordance with *Code of Virginia* §§ 2.2-2715 et seq. and 64.2-1100 et seq., DVS-VSF Memorandum of Understanding, and VSF Bylaws. Additionally, the National Association of Charitable Gift Planners guidelines for planned giving/gift planning ([www.pppnet.org](http://www.pppnet.org)) shall be followed as they apply to the VSF and its organizational and operational capabilities.

**F3.3 Application**

The Executive Director of VSF or his designee shall be responsible for the application of this policy.

**F3.4 Interpretation**

The Chairman of the Board of Trustees of VSF (the Trustees), with the assistance of the VSF Planned Giving Sub-committee, is responsible for the interpretation of this policy.

**F3.5 Planned Giving Program**

Broadly defined, a planned gift is one which is planned for during the donor’s lifetime but whose principle benefits do not accrue to the VSF until some future date.

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### **F3.6 Policy**

- A. VSF shall, in coordination with DVS, oversee and ensure that the establishment of planned giving priorities and oversight of planned giving rests with the VSF Trustees. The Trustees’ Development Committee, under the Trustees Bylaws, is responsible for making recommendations regarding fundraising and organizing fundraising programs, which includes planned giving. The Trustees have designated the VSF Executive Director as having oversight of private fundraising activities. The VSF Executive Director shall assist the Development Committee’s Planned Giving Sub-committee plan, organize, and conduct programs to implement the Planned Giving Program.
- B. VSF may, in coordination with DVS, accept gifts in the following forms:
  - 1. Bequests that do not include real estate or personal property such as artwork, jewelry, antiques, clothing, etc;
  - 2. Whole life insurance policies where the VSF is named as:
    - a. Owner and beneficiary of 100% of the policy or contract and the policy or contract is equal to or greater than \$10,000.00; or
    - b. Partial beneficiary of the policy or contract and the policy or contract is equal to or greater than \$10,000.00.
  - 3. Retirement plan beneficiary designations where the VSF is named the beneficiary and the distribution is in the form of a lump-sum payment.
  - 4. Other forms of gifts may be considered for acceptance on a case-by-case basis.
- C. VSF reserves the right to refuse any planned gift or enter into any planned gift arrangement that is not in the Foundation’s best interest. VSF shall not accept the following:
  - 1. Current, Deferred, and Commercial Charitable gift annuities;
  - 2. Pooled Income Fund Gifts and Charitable Remainder Trusts;
  - 3. Term Life Insurance;
  - 4. Charitable Funds Managed by Others and Charitable Lend Trusts; and
  - 5. Retained Life Estates.
- D. Prospective donors are to obtain and be represented by their own legal counsel for review of the gift and the advisability of the gift in light of the donor’s overall estate plan. VSF and DVS staff members shall not give legal advice to donors or act as an executor of an estate that has an obligation to the Foundation.
- E. VSF and DVS staff shall only inform, serve, and otherwise assist donors, but never pressure or unduly persuade perspective donors. The staff shall encourage donors to discuss proposed gifts with their advisors.
- F. VSF and DVS staff shall only inform, serve, and otherwise assist donors, but never pressure or unduly persuade perspective donors. The staff shall encourage donors to discuss proposed gifts with their advisors.
- G. If a donor or prospective donor requests, all information obtained from or about that donor will be kept in confidence. This information is specifically excluded from the records disclosure requirement of the Virginia Freedom of Information Act (*Code of Virginia* § 2.2-3705.7.28 or as hereafter may be amended). Additionally, no public announcement will be released or published without written permission of the donor.

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- H. The VSF Development Committee’s Planned Gift Subcommittee shall judge the merits of each planned gift offered and approve the receipt of the gifts that are considered appropriate for VSF acceptance.
- I. Acceptance and distribution of unrestricted gifts to VSF shall be at the discretion of the Board of Trustees as determined by the provisions contained in the *Code of Virginia*. Acceptance and distribution of restricted gifts shall be as designated by the donor. However, if the purpose of the donation has been met or no longer exists, the remaining funds may be used at the discretion of the VSF Board of Trustees to provide other support to veterans and their families.

### **F3.7 Definitions**

The most common forms of estate provisions are bequests, life insurance beneficiary designations and retirement plan beneficiary designations. The following definitions apply:

- A. **Bequests** are a written statement in a donor’s will directing that specific assets, or a percentage of the estate, shall be transferred to a charity at the donor’s death. Bequests can take many forms and are completely controlled by the donor until his or her death. Types of bequests can include:
  1. Specific bequests can be made for a specific dollar amount.
  2. Residual bequests provide for the distribution of assets remaining after payment of all debts, expenses, and specific bequests.
  3. Contingent bequests provide for distribution of assets if certain conditions or circumstances exist at the time of death.
- B. **Life Insurance** policies are contracts with an insurance company. In exchange for premiums (payments), the insurance company provides a lump-sum payment, known as a death benefit, to beneficiaries in the event of the insured’s death. Donors may give an existing policy, either fully paid or partially paid, or a new policy. The proposed gift to a charity is accomplished by naming the charity as a beneficiary of the policy on the beneficiary designation form. Insurance policies that are accepted by VSF may take the following forms:
  1. An existing paid-up policy where the Virginia Veterans Services Foundation is named the owner and beneficiary.
  2. An existing paid-up policy where VSF is designated as a co-beneficiary to share the proceeds with another beneficiary.
- C. **Retirement Plan** is a financial arrangement designed to replace employment income upon retirement. These plans may be set up by employers, insurance companies, trade unions, the government, or other institutions. When a participant in a retirement plan passes away, the benefits to which the participant would have been entitled are paid to the participant’s designated beneficiary in a form provided by the terms of the plan (i.e., lump-sum or annuity). VSF shall accept only lump-sum payments.

### **F3.8 Planned Giving Responsibilities and Procedures**

- A. **Overview:** VSF shall conduct planned giving in a manner that does not conflict with VSF or DVS policies. Donors should be encouraged to leave outright gifts to VSF in their wills or living trust agreements.
- B. **Responsibilities**
  1. **Planned Gift Subcommittee:** The VSF Development Committee’s Planned Gift Subcommittee shall, when activated, supervise the Planned Gift Program and make appropriate recommendations as required. The Subcommittee also shall evaluate proposed gifts, which do not clearly fall within the scope of this policy, but merit consideration and

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further clarification. Determination of which proposals warrant review by the Subcommittee shall be made at the discretion of the VSF Executive Director.

2. VSF Executive Director shall:

- a. Be responsible for the proper negotiation, administration, and closure of all planned gifts made to VSF. All DVS staff made aware of any planned giving arrangement shall provide such information to the VSF Executive Director. The Executive Director shall keep appropriate DVS staff informed of the status of the Planned Gift Program and specific gifts.
- b. Maintain a record of information about known bequest donors and the provisions of the bequest.
- c. Be responsible for recording life insurance information including: the name of the donor, name of the insured, insured's date of birth, date of gift, face value of the policy, type of policy, cash surrender value, timing and amount of premium payments, name and address of the insurance company, and account number of the policy.
- d. Recommend the procedures to follow and administer once a bequest gift has been realized or matured for the timely distribution of funds for approval by the Planned Gift Subcommittee.
- e. Recommend the acceptance and distribution of unrestricted gifts to VSF for approval by the Planned Gift Subcommittee. The Subcommittee shall forward such recommendations through the Development Committee for Board of Trustees approval.
- f. Ensure that acceptance and distribution of restricted gifts shall be as designated by the donor.

C. Procedures

1. Background:

- a. Planned giving gifts are realized as the result of the death of the donor (estate gifts). Because of the magnitude of these gifts and the fact that gifts of this nature are revocable, it is important to solicit and steward this type of gift during the donor's lifetime. It is equally important from a fiscal standpoint to follow through to assure timely collection of the proceeds on the death of a donor.
- b. In planned giving, the owner retains complete control over the distribution of the assets during their lifetime. Although a donor may tell VSF that they have included VSF as a beneficiary in their estate planning, it likely will be sometime before VSF actually receives the gift. These gifts do not become irrevocable until the death of the donor. To secure the stream of revenue for the future, VSF should:
  - (1) Solicit gifts of estate provisions through wills and beneficiary designations during the donor's lifetime;
  - (2) Determine the donor's interest regarding the use of the gift when it is received by VSF;
  - (3) Keep VSF and DVS connected to the donor through regular communications and stewardship activities; and
  - (4) Monitor and become involved in the process of estate settlement as necessary so VSF can receive the benefits of the gift in a timely manner.
- c. Life insurance gifts may take many years to realize, and the cost of administration and premium payments can be time-consuming and expensive for VSF. It is imperative that policies are in place to assure that the value of the gift outweighs the possible expense and liability.

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## 2. Procedures.

The following procedures apply to the processing of all deferred/planned gifts:

- a. **Bequests:** When making a will, the donor should obtain the assistance of an attorney. If a donor indicates that they intends to name VSF as a beneficiary, VSF requests that the donor notify VSF by completing the Declaration of Intent attached as Appendix A.
  - (1) If a donor notifies the VSF that they have provided for the Foundation in their estate plan, encourage the donor to provide VSF with a copy of the documentation. This may be a copy of the will (or the relevant codicil), the retirement plan designation, or other such documents.
  - (2) If the donor is willing, request the donor sign a Declaration of Intent so that VSF can recognize the donor for their total commitment to VSF.
  - (3) The Declaration of Intent shall state the amount the donor intends to contribute.
- b. **Insurance:**
  - (1) All policy information will be maintained by the office of the Executive Director.
  - (2) If an individual names VSF both owner and beneficiary of a policy, it is an irrevocable gift. If the donor intends to claim a charitable deduction of \$5,000 or more, he/she will be required to obtain a qualified appraisal to substantiate the value of the property. The donor's deduction will generally be the lesser of cash surrender value or the premiums paid to date on the policy.
  - (3) In order for the gift of insurance to be complete, the donor will need to deliver the original policy and/or a fully executed owner and beneficiary designation form to the office of the VSF Executive Director.
  - (4) Policies where VSF is not named as both owner and beneficiary such as an individual whole life insurance policy where a donor names VSF as beneficiary, but retains all incidents of ownership, are not completed gifts. These gifts will be treated in the same manner as will provisions, retirement plan designations, and other gifts over which the donor retains control during their lifetime.
  - (5) Paid-up Life insurance policy gifts are valued, for VSF accounting purposes, at the policy's replacement cost (the cost to purchase a replacement policy). If the policy is partially paid, the value of the gift for VSF accounting purposes is the policy's cash surrender value. For IRS purposes, the donor's charitable income tax deduction is limited to the cash surrender value or the net premiums paid on the policy – whichever is less.
- c. **Retirement Plans:** In order to accomplish such a donation, the donor should execute a Beneficiary Designation form with their plan administrator to name VSF as a beneficiary of the plan and a Declaration of Intent form (Appendix A) indicating that they intend to make charitable contributions to VSF.
- d. **Valuation of realized bequests and insurance:** They will be received at face value and acknowledged as such to the estate executor or insuring company. Acknowledgements to the deceased's next of kin will be determined by the estate executor.

### **F3.9 Reporting Planned Giving Status and Results**

The Executive Director shall submit a quarterly report to the Foundation Board. The report shall include a complete list of all planned gifts managed by VSF. It also will include a list of all gifts received.

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**F3.10 Adoption and Amendment**

This policy may be adopted and amended by a majority vote of the VSF Board of Trustees. Notice regarding such actions shall be given to all Trustees at least ten (10) days prior to the vote being taken. Biennial review of this policy is the VSF Development Committee’s responsibility.

**F3.11 Policy Review Date**

The date the policy is reviewed is the date the policy was reviewed without revisions made. Reviewed by the Office of the Attorney General and endorsed by the Procedures and Policies Committee on March 8, 2021

**F3.12 Policy Effective Date**

The effective date of the policy, or any policy revision, shall be the date the VSF Trustees ratify the policy.

March 25, 2021

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## VIRGINIA VETERANS SERVICES FOUNDATION

### Veterans Services Fund – Planned Giving

#### Appendix A

#### PLANNED GIVING

**Notice.** This appendix is for informational purposes and is not legal advice. The Virginia Veterans Services Foundation (VSF) cannot provide legal or financial advice. We urge the donor to meet with a legal or financial professional to determine the appropriate way to give and the best language to use when making a bequest.

**Introduction.** VSF offers several opportunities for donors to help Virginia’s veterans and their families. One way is through charitable bequests, which allow donors to direct that portions of their assets be used to benefit philanthropic institutions following the donor’s death. Bequests made through wills or living trusts play an important role in securing the future of VSF programs. These commitments also enable individuals to make gifts that may not have been possible during their lifetimes.

#### **Requirements:**

1. The donor must provide the VSF with documentation that evidences the commitment. This would include a copy of the will provision, a copy of a beneficiary designation, a codicil, and financial documentation of the value of the future provisions.
2. The gift is to be placed in the VSF Veterans Services Fund from which a spending portion shall be used to support Virginia Department of Veterans Services (DVS) programs and services as detailed in the current VSF brochure and listed on the Commitment Card on the next page.
3. If specified by the donor, the spending portion will be directed to support the DVS programs and services so designated. However, if the purpose of the donation has been met or no longer exists, the remaining funds may be used at the discretion of the VSF Board of Trustees to provide other support to Virginia’s veterans and their families. Unspecified gifts shall be spent as determined by the VSF Trustees.
4. Simple bequest language for a will, codicil, or establishing a trust follows.

#### **Wording for documentation for bequests can take several forms:**

1. Specific Bequest: gives the Foundation a specific amount of money or piece of property; e.g., “I give, devise, and bequeath to the Virginia Veterans Services Foundation (Federal Tax ID#: 46-2744762), Richmond, VA 23219, the sum of \$ ...(or shares of ...stock) to be used at the discretion of the Board of Trustees (or for a designated purpose such as the Virginia Veteran and Family Support program (VVFS), the Sitter & Barfoot Veterans Care Center, the Virginia Veterans Care Center, or any of the Veterans Cemeteries in Amelia (Richmond), Dublin (Southeast Virginia), or Suffolk (Hampton Roads)).”
2. Residual Bequest: designates all or a portion of whatever remains after all debts, taxes, and expenses have been paid; e.g., “I give, devise, and bequeath to the Veterans Services Foundation (Federal Tax ID#: 46-2744762), Richmond, VA 23219, all the rest, residue, and remainder of my estate, to be used at the discretion of the Board of Trustee (or for a designated purpose as listed above).”
3. Contingent Bequest: takes place only under certain conditions; e.g., ‘In the event my spouse does not survive me, I give, devise, and bequeath to the Virginia Veterans Services Foundation (Federal ID#: 46-2744762), Richmond, VA 23219, the sum of .... (or the residue and remainder of my estate), to be used at the discretion of the Board of Trustees (or for a designated purpose as listed above).”

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**Please allow the Foundation to thank you by completing the following Declaration of Intent:**

I expect my gift will amount to US \$ \_\_\_\_\_

My Benefactor commitment to the Virginia Veterans Services Foundation will be in the form of:

Will/Bequest \_\_\_\_\_ Outright Gift \_\_\_\_\_ Other (please specify) \_\_\_\_\_

I designate that the spending portion of my gift will be applied to:

- Foundation Unrestricted Fund
- Virginia Veteran and family Support
- Sitter & Barfoot Veterans Care Center
- Virginia Veterans Care Center
- Puller Veterans Care Center
- James & Cabacoy Veterans Care Center
- Virginia Veterans Cemeteries
- Virginia Values Veterans (V3) Program
- Other \_\_\_\_\_  
*Should no designation be specified, the Trustees will use it for unrestricted veterans programs and activities.*

Name \_\_\_\_\_ Date of Birth\* \_\_\_\_\_

Address \_\_\_\_\_ Date \_\_\_\_\_

Telephone \_\_\_\_\_ E-mail \_\_\_\_\_

*\*Date of birth is used to discriminate donors in place of a SSN or other personal or financial information.*

Please return this to the **Virginia Veterans Services Foundation, 101 North 14<sup>th</sup> Street, 17<sup>th</sup> Floor, Richmond, Virginia 23219**

**The Foundation (Federal ID#: 46-2744762) is a tax exempt state agency** under section 170 (c) (1) of the *Internal Revenue Code* and section 2.2-2719 of the *Code of Virginia* for state and local taxes.