

INFORMATION FOR TRUST DONORS AND THEIR ADVISORS

General Information

Below is information that may be useful to you and your advisors when establishing a charitable remainder trust for the benefit of the University of Florida, or any of its colleges, units, or associated programs:

1. The University of Florida Foundation, Inc. is a 501(c)(3) Florida corporation not for profit. The Foundation was created by the Florida Legislature under §1004.28, Florida Statutes, to hold and manage all gift monies for the benefit of the University of Florida. Accordingly, the University of Florida Foundation, Inc., not the University of Florida, should be named as the charitable beneficiary. The Foundation's tax identification number is 59-0974739.
2. If the charitable remainder trust is to be funded fully or partially with real estate, please carefully review Exhibit A.
3. If you choose to name the Foundation as trustee or co-trustee of your trust, please carefully review page 2 of this package.
4. For trusts created by residents of the State of Florida, the law requires that any testamentary aspects of a trust be executed with the formalities required for the execution of a will. (§736.0403(2)(b), Florida Statutes)
5. The Internal Revenue Code requires a minimum charitable benefit for every charitable remainder trust. The charitable remainder must be at least ten percent of the initial fair market value of the trust property.
6. The IRS-approved trust forms permit the donor to retain the right to alter the charitable beneficiary. Please note that the Foundation will not serve as trustee unless at least 50% of the remainder is irrevocably designated for the Foundation. Also, if the donor retains the right to change beneficiaries, the Foundation will only be able to count or acknowledge the gift for fundraising and campaign purposes as if the gift were a bequest expectancy.

Foundation as Trustee

If the University of Florida Foundation, Inc. is to be named trustee (or co-trustee), the following provisions must be included in the trust document:

1. An irrevocable designation of at least 50% of the remainder for the Foundation.
2. A grant of authority to the trustee to commingle the assets of the charitable remainder trust with assets of other charitable remainder trusts managed by the trustee, for investment purposes only.
3. A grant of authority to the trustee to name a co-trustee, if the trustee deems this to be necessary to assist in the management or investment of the trust.
4. If the trust is to be funded with a difficult-to-value asset (for example, closely held corporate stock or real estate), provision for the appointment of an outside independent trustee for the valuation of the asset, if necessary.
5. Specification of the date for the first distribution to the beneficiaries. We strongly prefer that the first payment date be at the end of the quarter following the quarter in which the trust is established and that future payments be made at the end of each quarter. Also, please specify that the last payment to each beneficiary will be the distribution preceding his or her date of death.
6. The phrase "net income" must be defined so that it does not include capital gains, either realized or unrealized. Also, please include the following statement: "Distributions of income from the trust are to be governed by the terms of this trust agreement and not by the provisions of §738.104 or §738.1041, Florida Statutes."
7. The trust document will be signed for the Foundation, as trustee, by an authorized officer,
8. A provision specifically allowing future additions, unless the trust is an annuity trust.
9. The donor must also sign a fee disclosure document furnished by the Foundation.

If the Foundation is named as trustee or co-trustee of your trust, we are required by Florida law to disclose to you that the Foundation employs professional investment managers to manage its assets, including the assets of the trusts in which it is named trustee. Currently the Foundation has retained Mellon Financial Corporation as its custodian and investment advisor for trusts over which it serves as trustee and invests trust assets in stocks, bonds, notes, common trust funds, and mutual funds recommended by Mellon Financial Corporation, including common trust funds and mutual funds over which Mellon Financial Corporation acts as sponsor, underwriter, distributor, investment manager, custodian, shareholder, servicing agent, or serves in any other capacity.

If the trust is to be funded with any assets other than cash, then the following information must be provided to the Foundation **before** the trust will be accepted:

- a) donor's date of acquisition of each asset; and
- b) donor's basis in each asset.

If this information is not available, then the donor must discuss this with the Foundation before the trust can be accepted by the Foundation as trustee.

Annual management fees (UFF and custodial bank) currently total approximately 1.5%, and there is an additional \$500 annual tax preparation fee. Fees may change over time.

Thank you for your interest in establishing a charitable remainder trust with the Foundation for the benefit of the University of Florida. Below are the names and telephone numbers of the individuals in our office who are available to assist you and answer any questions you might have:

George E. Cawthon, Director of Planned Giving	(352) 392-5514
Douglas R. Medlin, Associate Director of Planned Giving	(352) 392-9532
Bruce D. DeLaney, Assistant Vice President – Real Estate	(352) 392-5405
John E. Knight III, Counsel	(352) 392-5515

**CHECKLIST FOR A DONOR MAKING A
TRANSFER TO A CHARITABLE REMAINDER TRUST (CRT)**

Donor:

1. Review the University of Florida Foundation proposal materials and discuss appropriateness and legality with your attorney and other advisors.
2. Have your attorney prepare your trust documents. Foundation staff will draft the gift agreement for review by you and your advisors.
3. If cash is transferred to the CRT, work with your tax advisor to determine whether IRS Form 709 (gift tax) is required and, if so, complete.
4. If publicly-traded stocks or bonds are transferred to the CRT, work with your tax advisor to determine whether IRS Form 709 (gift tax) and IRS Form 8283 (which substantiates the fair market value of the gift and its cost basis) are required and, if so, complete.
5. If real estate or closely-held stock is transferred to the CRT:
 - (a) If the Foundation is the trustee, then the Foundation's real estate policies must be followed before real estate is transferred. Please see Exhibit A.
 - (b) Order an appraisal with a copy to the trustee (if other than the Foundation) and to the Foundation. IRS rules require the appraisal to be dated not earlier than 60 days prior to the date of the gift and not later than the date of filing of any tax return for that year.
 - (c) Complete IRS Forms 8283 and 709, if required.
6. Sign the finalized trust documents and gift agreement.
7. Transfer the assets to the trustee by appropriate legal documents (such as a signed stock power or deed).
8. Supply the trustee with the name, date of birth, address, telephone, and social security number of each donor and each beneficiary.
9. Supply the trustee (if not the Foundation) with the name and address of the appropriate Foundation officer and request that copies of the annual report and management letter for the trust be sent annually to the Foundation.

10. If the trust is to be funded with any assets other than cash, then the following information must be provided to the Foundation **before** the trust will be accepted:
 - a) your date of acquisition of each asset; and
 - b) your basis in each asset.

If this information is not available, then you must discuss this with the Foundation before the trust can be accepted by the Foundation as trustee.

Donor's attorney or other tax advisor:

1. Review the University of Florida Foundation's proposal and advise the donor concerning its legality and appropriateness. Verify the calculation method and accuracy of the estimated charitable deduction information provided in the proposal.
2. Prepare the appropriate trust documents to be signed by the donor.
3. Assist in completing IRS Forms 8283 and 709, if necessary.
4. If requested by the donor, review and comment on the gift agreement.
5. Where real estate is involved, ensure that the deed, owner's affidavit, and any other necessary documents are properly prepared and executed, and arrangements are made for recording.

Trustee (if not the Foundation):

1. Review a draft of the trust document before it is signed by the donor.
2. Discuss with the donor the trust fees, method of management of the trust, and expected timeframe for preparation of annual tax return and annual trust management letter.
3. Receive from the donor the executed trust document which has been previously approved, a copy of any appraisal which may be required, and a copy of IRS Form 8283.

Exhibit A

Requirements for Transfers of Real Property when the University of Florida Foundation is Trustee

- The transfer must be made by general warranty deed.
- The conveyance should be to University of Florida Foundation, Inc., a Florida corporation not for profit, as trustee for the ABC Trust, under trust agreement dated _____. The deed should also contain the following granting language:

Full power and authority are conferred upon Grantee, as trustee aforesaid, to protect, conserve, sell, lease, encumber, or otherwise to manage and dispose of the property, it being the intent to vest in Grantee as trustee aforesaid, full rights of ownership over the property as authorized and contemplated by §689.071, Florida Statutes.

- Owner's affidavit in format furnished by the Foundation.
- Property inspection by the Foundation's Assistant Vice President – Real Estate before transfer.
- A Phase I Environmental Assessment and title search (showing the name of any party with an ownership interest at any time and including current ownership information) will be obtained by the Foundation. Allow 3 weeks.
- A copy of the following, if available, is very helpful:
 - deed showing ownership in donor
 - prior survey
 - prior title policies or abstracts
 - prior environmental assessments
 - previous year's real property tax bill
 - tax parcel identification number