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Affairs
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Request to Execute a Charitable Gift Annuity in Excess of \$200,000

Recommendation

The Administration requests that the Wayne State University Board of Governors authorize the president, or his designee, to enter into a charitable gift annuity contract for approximately \$300,000 with Jannie Tang, M.D.

Background

A charitable gift annuity is a contract between a donor and the university under which the university guarantees to make defined annual payments for the lifetime of the donor in exchange for an upfront gift of cash. The university will invest these funds in the foundation endowment fund and, at the conclusion of the annuity contract, retain the remaining amount (if any) in the endowment for the purposes specified by the donor.

Board of Governors statute 2.72.01 establishes university Planned Giving Policy and Guidelines. Section 2.72.01.170 of this statute states that "The Board of Governors must approve all gifts that will or may require expenditure of university funds either now or at some future date, except for charitable gift annuities with a face value of \$200,000 or less."

Dr. Tang has requested that the university execute a charitable gift annuity contract with her for approximately \$300,000. The donor has requested that the gift funds that remain at the conclusion of this annuity contract be placed in the Jannie Tang, M.D. Endowed Scholarship fund.

Based on life expectancy tables and projected long term investment returns, there should be approximately \$137,000 in gift funds available at the maturity of this agreement. To the extent that the donor might live longer than the age incorporated into the life expectancy tables, or that investment returns are less than expected, at the maturity of this gift, there should be more than ample monies available to fund an endowed scholarship, which only requires \$25,000 to establish.