



## University Gift Investment Fee – Fact Sheet

### How will the university gift investment fee help Utah State University?

The university gift investment fee will improve University Advancement's capacity to increase philanthropic giving to Utah State University. Charitable giving is vital to sustaining USU as a thriving institution, as state support for higher education continues to diminish.

### How will the university gift investment fee be used?

University Advancement's goal is to significantly increase the number of donors and amount of private charitable dollars supporting USU, and to continuously improve the health of the University's endowment. Doing so requires University Advancement to upgrade its information and processing systems, support the growth and efficiency of fundraising operations, and increase the number of focused fundraising staff across campus. Each of these initiatives expands our capacity to encourage philanthropic support for USU among alumni and friends.

The university gift investment fee, effective July 1, 2021, will be applied according to a tiered structure on all new, non-endowed gifts:

- **5% university gift investment fee on all gifts up to \$5 million**
  - 4% will be allocated to USU Advancement
  - 1% will be allocated to units to support fundraising and engagement efforts
- **Scaled to 2.5% on the portion of gifts over \$5 million up to \$10 million**
  - 2.0% will be allocated to USU Advancement
  - .5 % will be allocated to units to support fundraising and engagement efforts
- **Scaled to 1% on the portion of gifts over \$10 million and above**
  - .75% will be allocated to USU Advancement
  - .25% will be allocated to units to support fundraising and engagement efforts

While the fee will have only a minor effect on individual funds, its collective impact will result in sustained growth of philanthropic funding to the university.



## **Do other universities/foundations have a university gift investment fee?**

The USU Foundation conducted extensive research prior to establishing the fee. Of the peer institutions with assets below \$1 billion, 71% utilize a similar fee.

## **Does the university gift investment fee apply to funds raised by the Phonathon and other gifts raised by the Annual Fund?**

In FY2020, the Annual Fund fee was lowered from 10% to 5%. The Annual Fund fee will remain in place, and will serve as the university gift investment fee for funds raised by the Annual Fund.

## **Does the university gift investment fee affect tax-deductibility of my contribution?**

The university gift investment fee does not affect the deductibility of your gift. Donors will receive gift receipts for the full amount of their gifts.

## **What about gifts made by credit card?**

Currently, a credit card processing fee of 2.45% of the gift amount is assessed to the benefiting fund. Credit card gifts benefitting a non-endowed fund will only be assessed the university gift investment fee, as University Advancement will absorb the credit card processing fees. For credit card gifts benefitting an endowed fund, the receiving department will be assessed a credit card processing fee at 2.45% of the gift amount.

## **Does the university gift investment fee apply to recurring automatic contributions (credit card, EFT, payroll deduction, etc.)?**

The university gift investment fee will apply to new recurring gifts established on or after July 1, 2021. The university gift investment fee will apply to each gift transaction. Automatic recurring gift plans established prior to July 1, 2021 can receive a 3-year grace period ending June 30, 2024. Credit card processing fees are assessed to the benefiting fund.



## **What about gifts made by securities?**

The advancement fee applies to gifts made by transfer of stock or securities. Brokerage fees associated with securities transfers are assessed to the benefiting fund.

## **What about matching gifts?**

The university gift investment fee will apply for matching gifts.

## **Does the university gift investment fee apply to endowed funds?**

No, the university gift investment fee does not apply to funds in the endowment pool.

## **Does the university gift investment fee apply to expendable funds?**

The university gift investment fee will be assessed on expendable funds with the remainder available immediately for the intended purpose.

## **Named expendable funds require a minimum donation of \$10,000. Is the university gift investment fee in addition to that?**

The university gift investment fee will be assessed on the \$10,000 and the remaining amount will be available for spending.

## **Does the university gift investment fee apply to pledge payments?**

Payments on pledges established prior to July 1, 2021 are not subject to the university gift investment fee.

## Does the university gift investment fee apply to in-kind, non-cash donations?

If an in-kind or non-cash asset is sold and the net proceeds benefit USU, then the 5% university gift investment fee will be collected from the net proceeds received in the sale of that item. If the in-kind contribution or service is not sold, then the university gift investment fee will not apply.



## Does the university gift investment fee apply to gifts with a quid pro quo contribution (i.e. fundraising event gifts)?

The 5% university gift investment fee will apply to the total contribution.

## Does the university gift investment fee apply to private grants?

Foundations and corporate foundations vary in their handling of any fees or indirect costs. Granting entities with a pre-existing written policy against providing gifts to institutions where gift fees exist will not be subject to the university gift investment fee.

## Can a donor increase their gift amount to cover the university gift investment fee?

Yes. A donor may choose to increase their gift amount to offset the university gift investment fee to ensure that more of their contribution is directed to the USU area they wish to support.

## Does the university gift investment fee apply to real estate and mineral rights gifts?

USU contracts with various professionals when performing the necessary due diligence, research, and analysis associated with real estate and minerals rights gifts. Professionals engaged by USU may include legal counsel, realtors, appraisers, inspectors, and engineers. The university gift investment fee will apply to real estate and mineral rights gifts. All other associated fees from the various professionals will be assessed to the benefitting fund.

## Does the university gift investment fee apply to planned gifts?

A 5% university gift investment fee will be assessed on all testamentary gifts and matured planned gift distributions from charitable gift annuities, life insurance, charitable remainder trusts, IRA charitable rollovers, donor-advised funds, and charitable lead trusts for gifts not documented with USU by July 1, 2021. Donations establishing or continuing a deferred gift such as a charitable gift annuity or life insurance policy are exempt from the fee.

## Are there exceptions?

The university gift investment fee will not apply in the following circumstances: Athletic premium seating gifts and Athletic lease payments, foundations that have a pre-existing written policy against providing gifts to institutions where gift fees exist, donor-directed pass-through scholarship/fellowship awards and charitable life insurance premium payments.

All other fee waivers must be approved by the USU Foundation Board.

