

Great Expectations	Trustees, Taxes & Trouble	Funding Frustrations & Foreign Fundamentals
Setting Donor Expectations	Residency and State Tax Reporting	Gift Annuities Funded with Assets Received on Different Dates
<p>Set expectations at the following stages of the gift and communicate them to your donors in writing.</p> <ul style="list-style-type: none"> <li>• Acceptance</li> <li>• Funding - some assets will transfer in less time than others</li> <li>• Timing of Initial Investment – you may not be able to buy into your endowment or an investment pool on a daily basis</li> <li>• Payments – when during the period will they be made</li> <li>• Tax Reporting – remind them that 1099s and K-1s have different reporting deadlines</li> <li>• Termination – keep the executor and those entitled to the remainder of the gift aware of when they will receive distributions</li> </ul>	<p>An address change seems like such a simple request when it comes from your donor or someone acting on their behalf, but if the type of change is not specified then this can lead to tax reporting issues.</p> <ul style="list-style-type: none"> <li>• Always ask if it is a change of a mailing address or a legal residence</li> <li>• Specify the type of address change</li> </ul>	<p>There are two options when you have a gift with assets that transfer on multiple dates.</p> <p><b>Option 1:</b></p> <ul style="list-style-type: none"> <li>• You can write a single contract for each gift date of when the assets are received .</li> </ul> <p><b>Option 2:</b></p> <ul style="list-style-type: none"> <li>• Value each asset as of the date on which it was received.</li> <li>• When running the gift illustration and writing the contract, use the date on which the last asset was received as the gift date.</li> </ul>
Gift Application Forms	Asking for the Return of Overpayments	Mutual Funds Explained
<p>Use them and pay particular attention to the following;</p> <ul style="list-style-type: none"> <li>• Alternative contact – preferably two contacts and one of them a non- family member</li> <li>• Who owns the funding asset - a change in ownership might be necessary prior to the gift being made</li> <li>• Cost Basis – its better to get it from the donor prior to the gift being made to ensure that the capital gain is calculated correctly at the time of liquidation</li> <li>• Advise your donor to seek the advice of legal and/or tax counsel prior to making the gift</li> <li>• Have all donors sign the form acknowledging that they have reviewed it and the information is correct</li> </ul>	<p>You as trustee have discretion as to whether or not you request the return of the payment after the tax returns have been filed.</p> <ul style="list-style-type: none"> <li>• Requesting the return of a payment when there is only one beneficiary is relatively easy, and BNY Mellon can have the tax return amended and a new K-1 issued relatively quickly</li> <li>• Requesting the return of a payment in a situation where there is more than one beneficiary is more complicated. This is especially true with a pooled income fund, since amending the return will result in new K-1s being sent to all of the participants</li> </ul>	<p>Mutual funds are very common in your donors’ portfolios and can make great gifts if you keep in mind the following:</p> <ul style="list-style-type: none"> <li>• They take longer to transfer than cash or stock; usually 2 – 4 weeks depending upon the fund company</li> <li>• There are no blanket transfer instructions. Each fund company has different requirements for transfers</li> <li>• Always ask your donor to provide the ticker symbol. Funds have different share classes, and the easiest way to identify the fund is using the ticker</li> </ul>

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The Power to Revoke Clause	Due Diligence When Accepting Successor Trusteeship or a Testamentary Gift	Foreign Beneficiaries
<p>It is not in every agreement, so be sure to discuss it with your donor at the outset of the gift.</p> <ul style="list-style-type: none"> <li>• Request a copy of the final probated will</li> <li>• Remind your donors to make sure that someone knows where to find it – don't run the risk of the will being on the decedent's computer and no one knows the password</li> <li>• Do not pay the successor beneficiary until you have confirmation as to whether or not their right to receive payments has been revoked. It's easier to make a catch up payment than to ask for the payments to be returned.</li> </ul>	<p>Remember you can always say no, but before you say yes or no you should review the following;</p> <ul style="list-style-type: none"> <li>• Current versions of the trust or will, as well as amendments and codicils. For wills make sure that you have the final probated copy. Look for the following: type of trust, co-trustee, IRS language, investment powers, responsibility with regard to acts of prior trustees, power to resign, can you hire attorneys, accountants etc. and use the trust funds to pay their fees</li> <li>• Funding Assets – Consider if you can hold them, can you sell them, can you manage them especially in the case of real estate</li> <li>• Accounting Statements – Look at all activity, paying particular attention to donor payments, gains/losses, and fees</li> <li>• Tax Returns – Make sure all prior year returns were completed and filed on time</li> </ul>	<p>Not all of your beneficiaries are going to be U.S. citizens, and when they are not there is more to consider when making payments to them.</p> <ul style="list-style-type: none"> <li>• Determine if they are a Resident or Non-resident Alien – refer to the IRS W-8BEN Guidelines.</li> <li>• 30% Withholding; must validate treaty benefits between U.S. and country of citizenship to determine the withholding amount.</li> <li>• If a W-8BEN is needed make sure it is completed correctly and remember that it needs to be renewed every three years. Pay attention to Line 2 - Country of Citizenship, Line 6 - SSN or Foreign ID; and Line 9 - Claiming of Benefits</li> <li>• Beneficiary should always sign, date and print their name on the W-8BEN</li> <li>• IRS website to verify treaty benefits: <a href="https://www.irs.gov/.../international-businesses/united-states-income-tax-treaties-a-to-z">https://www.irs.gov/.../international-businesses/united-states-income-tax-treaties-a-to-z</a></li> </ul>