

**BLT: BEQUEST & LIVING TRUSTS  
LEGACY GIVING**

**BENEFITING THE**

**CALIFORNIA HAWAII ELKS  
MAJOR PROJECT, INC.**



**COMMITTEE MANUAL**

*Revised 4/2016*



## **BLT CHAIRPERSON DUTIES**

Thank you for agreeing to help the Major Project by serving as a chairperson or member of the CHEMPI Bequests and Living Trusts Committee. We welcome your involvement and input.

Your role is both simple and invaluable. You are to educate members and non-members that legacy gifts are an invaluable source of funding that ensures the California-Hawaii Elks Major Project, Inc. (“CHEMPI” also known as “the Major Project”) is able to continue to serve disabled children for years to come. As with all donations made to CHEMPI, legacy or BLT gifts are well spent and 94% of every dollar directly benefits the children we service. We encourage you to spread this message broadly and frequently.

You can measure your success by the number of people who have heard of our program and understand how it works. To that end, we ask that you track and report on your outreach efforts.

It is important to acknowledge you may not know whether individuals have chosen to make a gift. In certain instances, when a Legacy Trust is created or the Fresno office becomes aware of a bequest, you will be able to recognize the generosity of the donor. Often, however, a gift may be made as a direct result of your efforts, but you will be completely unaware of the gift or the impact of your influence. Be assured that your efforts are impactful and appreciated.

In sharing the BLT legacy giving message and executing activities on behalf of the Major Project, we encourage you to work closely with the Leading Knight and Piggy Bank Chairperson as you are all working to raise funds for the Major Project. For example, whenever you speak of BLT describe the work performed by the Major Project and stress that this work can be continued and expanded if each member of the Lodge and person hearing your presentation would add CHEMPI to their will or trust or add CHEMPI as a beneficiary to their life insurance.

Don't shy away from questions. Questions are a sign that people are listening and interested in what you are saying. We do not expect you to be an expert in tax or legal matters. In fact, please be sure not to provide such advice unless you are specifically trained in those fields. If you are asked a question that you are unable to answer, ask the individual for his/her name and phone number or email address and assure that you will provide an answer shortly.

For answers to questions you cannot answer, feel free to ask your District Chairperson, another member of the Committee or the Chairpersons. We will help you and, if necessary, direct you to resources that can get answers for you. Again, we caution all of our committee members against providing tax or legal advice.

Your task is to provide articles and blurbs for publication in lodge and district newsletters and speak about legacy giving at every Major Project event and district meeting.

The additional information is provided to give you a broader understanding of our program and ideas to get you started.

# UNDERSTANDING BLT AND LEGACY GIVING

Your ability to encourage individuals to participate in legacy giving is greatly enhanced when you are trusted as a knowledgeable source of information about the program. This section will familiarize you with the terms frequently used in reference to BLT Legacy Giving, explain how BLT fits into the California-Hawaii Elks Association and provide you with a brief history of the program.

## **BLT and CHEMPI:**

The BLT Committee is the committee charged with promoting legacy giving to benefit the California-Hawaii Elks Major Project, Inc., a 501(c)3 charity that operates to provide physical and occupational therapy to disabled children who live within California and Hawaii. This program is frequently referred to as the Purple Piggy Bank. The CHEMPI Board of Trustees oversees the work of the BLT Committee.

## **Key Concepts and Terms:**

### **BLT Legacy Trust Fund**

The BLT Legacy Trust Fund is where all gifts made to the Major Project (CHEMPI also known as the “Purple Piggy Bank”) that are \$500 or greater are placed. The monies in this fund are accumulated to grow **exclusively** for use by the Major Project. And, much like the Elks National Foundation, interest earned from the BLT Legacy Trust Fund could, if necessary, provide money needed to carry out the functions of the Major Project if income from the Exalted Ruler's March does not fully fund the work of the Major Project. Interest not used for the Major Project services in any given year is added to the principal of the BLT Legacy Trust Fund. Such funds can only be spent in emergency situations with the consent of the CHEMPI Board.

### **The Benefactor Program**

This is a program for individuals who want to document their gift to the Major Project (through the BLT Program).

Participants in the Benefactor Program have their names placed on the BLT master list by sending a signed and dated statement to the California Hawaii Elks Association (“CHEA”) office in Fresno indicating that a gift to the Major Project has been made through a will, trust, bank account, insurance policy or other means.

Upon receiving the notice of such a gift, the Fresno office sends a release form to be completed and signed by the Benefactor and returned to the Fresno office. The Benefactor's name will be added to the Benefactor master list. The Benefactor will receive a Benefactor's Certificate, according to the instructions contained on the release form, and a distinctive triangular BLT lapel pin to wear with pride.

There are individuals who have made the Major Project a beneficiary of the will or insurance, but who may not have notified the Fresno office. Some of these donors prefer to remain

anonymous and others may not know that they can be added to the Benefactor Program. When you speak about BLT remind individuals about this program, as there may be some who have made gifts to CHEMPI and would like to be added to the Benefactor Program.

Those who represent the BLT are encouraged to become members of the Benefactors program.

### **The Commitment Trust**

The BLT Commitment Trust is a specific way to provide a legacy gift to the Major Project. There are certain requirements and benefits that apply to this method of giving. This type of gift is not for everyone, but it is important for you to understand this unique form of giving.

The Commitment Trust is a “Charitable Remainder Uni-Trust” as defined under IRS Regulations. In order to create a BLT Commitment Trust a minimum investment of \$10,000 is required. There are certain benefits available to those who are able to create a Commitment Trust:

1. The donor receives an immediate income tax deduction;
2. The donor receives annual income of \$700 for the first year after creating a Commitment Trust;
3. Each year thereafter, the BLT Commitment Trust will pay the donor 7% of the annual trust value. After the first year, the annual income paid may be less or more than \$700 depending upon trust investments; and
4. The 7% annual payments continue for the life of the donor and then the life of the donor’s spouse.

After the donor and spouse have passed, all monies remaining in the BLT Commitment Trust go to the Major Project.

There are many complex variations with the BLT Commitment Trust that depend upon the donor’s individual circumstances. Income tax deductions and income are influenced by many factors. Anyone interested in participating in the program can be provided with specific information, which they can then review and discuss with their personal advisors.

Unless the donor wants to remain anonymous, these generous gifts are recognized at the CHEA Convention where the donor receives a plaque and an attractive and exclusive pin.

### **Legacy Giving**

Gifts made through BLT legacy giving are considered enduring gifts that have an impact that lasts beyond the life of the donor. In other words, similar to the way life insurance or a will may provide for family members after an individual passes, a donor who makes a legacy gift to the Major Project is able to assist the children served by the Major Project far into the future. The emphasis of our program is to gently encourage these enduring gifts.

# THE BLT LEGACY GIVING TOOLKIT

This section provides specific information to make your job easier.

## **Reporting:**

As our work is focused on educating Elks, their families and friends about how easy it is to provide a legacy gift to benefit the children who receive services from the California-Hawaii Elks Major Project, Inc., we ask that you provide us with quarterly updates on your efforts to spread this message.

The current report forms are available on the California-Hawaii Elks Association website ([www.chea-elks.org](http://www.chea-elks.org)). To find the current reports, navigate to the Major Project and use the pull-down menu to locate Bequests and Living Trusts. From there you can find the current reporting forms as well as the email addresses to which the report should be sent. We have provided the reporting form in both Word and Excel formats so you may choose the format you prefer.

Lodge forms should be submitted to the District Chairperson. We request District Chairpersons summarize information from the lodges within their District for submission as outlined on the report form.

Reports are due on August 5; November 5; February 5; and April 5. If you are a District BLT Chairperson, we recommend that you request your lodges report to you by August 1; November 1; February 1; and April 1.

## **Article Recommendations:**

The following suggestions are provided for those who want to draft articles to promote legacy giving. You can also locate sample articles from the [chea-elks.org](http://chea-elks.org) website. It is often easier to update or customize an article rather than create one yourself. To that end, if you are willing, please forward your articles to us to be shared and used by others.

1. Keep the message simple, heartfelt and focused on how a gift will benefit the children.
2. Build on the concept of leaving a legacy for future generations of children.
3. Explain the Commitment Trust in general terms and encourage individuals to request specific information if they are interested.
4. Don't focus all of your articles on the Commitment Trust. There are many ways to give and by presenting various alternatives you will be able to invite a broader cross-section of participation.
5. Consider shorter and more frequent articles.

## **Seminars:**

Consider hosting a seminar or program on wills and estate planning for your lodge or District. To conduct such a seminar, seek the assistance of legal counsel familiar with estate planning to make the presentation at a meeting at your lodge and open and close the seminar

with a reminder of the good work accomplished by the Major Project and how easy it is to add CHEMPI to a will.

If there are Charity nights in your district or town, consider making a presentation with the Piggy Bank Chairperson.

### **Brochures and Boards:**

The current BLT legacy giving brochure is available for download on the chea-elks.org website. We also have brochures that we can provide to you for distribution. Brochures are available for distribution by calling the Major Project Office in Fresno.

Several lodges display tri-fold boards that explain the BLT program. As distribution of these boards has been difficult, we are not currently producing them, but encourage you to do so.

### **Information Tables & Meetings:**

At both the CHEA Annual Convention and the CHEA Mid-Term meeting, there is a BLT table set-up where attendees can learn more about our program. We encourage you to join us at the table to answer questions, build interest and increase awareness of legacy giving.

At the Annual Convention the BLT and Purple Piggy Bank Committees host a training and information meeting. While we are not able to offset travel, lodging or registration expenses, we hope you will join us at these sessions. We all can learn something new from each other and we often use these sessions to brainstorm ideas for the future of our committee.

### **Broadening Outreach:**

Keep in mind that anyone can provide a legacy gift to the Major Project. While much of our focus is on Elk members because they are already familiar with the work of our therapists, be sure to spread the word to non-member spouses as well as those you know who are philanthropically inclined. When reaching out to these groups, use the same soft-sell that you employ in other presentations. Spend time explaining the work of the California-Hawaii Elks Major Project, Inc. and emphasize how a gift will create a legacy that will aid children in need for many years to come.

### **Sample Language:**

When an individual wants to have information to provide to their own attorney or financial advisor, feel free to provide them with the following:

I give the sum of \$\_\_\_ or \_\_\_% to the California-Hawaii Elks Major Project, Inc., 5450 East Lamona Avenue, Fresno, CA 93727-2224 (tax id: 95-1919366) to be used or disposed of as its Board of Trustees deems appropriate in its sole discretion.

### **Other Forms of Gifts:**

As noted in the Policy and Procedure, attached as Appendix A, gifts of stocks and real property may be accepted into the BLT program. If an individual wishes to make such a gift please contact the Chairperson, Vice Chairperson or CHEA Fresno office for assistance.

## **A Brief History of the BLT Program:**

In 1981, two great Elks, Leonard A. Cosgrove and Larry D. Morse, envisioned and with the help of another Elk, Larry Crispo, implemented The Bequests and Living Trusts program to benefit the Major Project.

In 1984, the Lodge Chairperson Program was enacted and the committee became a full time committee of the Major Project.

The idea behind BLT was and is to motivate all Elks, their spouses, family and friends to name the Major Project in their wills, living trusts, insurance policy annuities, retirement programs or by any other document as suggested by their financial advisor or personal lawyer.

Cosgrove, Crispo and Morse, all attorneys, recognized early on that estate planning and discussions involving people's assets are best conducted using a "soft-sell" approach. Legacy giving has always been encouraged in any amount an individual can afford.

Leonard A. Cosgrove developed the BLT name in 1986. It was a takeoff of the bacon, lettuce and tomato sandwich, or BLT, as it is many times called. The tie-in of the Purple Piggy Bank made it a natural fit.

In 1989, the "BLT Benefactors" program was created to recognize Elks, their spouses and others who have made a commitment to the Major Project through the Benefactors Program. To become a member of the Benefactors Program, an individual need only notify the California-Hawaii Elks Association (CHEA) Office in Fresno that they have made provisions from their estate for the Major Project. (See section above).

PSP Robert M. McLain designed the BLT Benefactor pin, which is presented on the front cover of this manual.

When the Commitment Trust program began the Commitment Trust pin and plaque were designed to recognize these special donors.

On June 29, 1991, BLT advisor Larry D. Morse presented a resolution to the CHEMPI Trustees to segregate large donations (\$500 or more) made to the California-Hawaii Elks Major Project, Inc. into the BLT Legacy Trust Fund where such funds on deposit (principle and interest), would accumulate from year to year and could only be expended by a special vote by the Trustees of the Major Project to expend the funds.

Over the years different variations of the BLT brochure have been developed. The front page design has been changed, but the materials of the inside have remained mostly the same with occasional updates on statistics.

In 1992, a substantial redesign reformatted the back of the brochure so it could be used to request additional information about the program.

In 2016 a new look was adopted by BLT. This new logo and tagline are intended to convey the role BLT plays in funding the Major Project, Inc.



**CALIFORNIA-HAWAII ELKS MAJOR PROJECT, INC.  
GIFT ACCEPTANCE POLICY**

California-Hawaii Elks Major Project, Inc. (CHEMPI) encourages the solicitation and acceptance of gifts for the purpose of furthering and fulfilling our charitable mission. The following policy governs the acceptance of gifts to CHEMPI.

1. **Statement of Purpose:** These policies and guidelines govern the acceptance of gifts by CHEMPI and provide guidance to prospective donors and their advisors when making gifts to CHEMPI. The provisions of these policies shall apply to all gifts received by CHEMPI for any of its programs or services.
2. **Use of Legal Counsel:** CHEMPI shall seek the advice of legal counsel in matters relating to acceptance of gifts when appropriate. Review by counsel is recommended for:
  - 2.1 Closely held stock transfers that are subject to restrictions or buy-sell agreements;
  - 2.2 Gifts involving contracts or other documents requiring CHEMPI to assume an obligation;
  - 2.3 Transactions with potential conflict of interest that may invoke IRS sanctions;
  - 2.4 Other instances in which use of counsel is deemed appropriate by the gift acceptance committee.
3. **Conflict of Interest:** CHEMPI will urge all prospective donors to seek the assistance of personal legal and financial advisors in matters relating to their gifts and the resulting tax and estate planning consequences.
4. **Restrictions on Gifts:** CHEMPI will accept unrestricted gifts, and gifts for specific programs and purposes, provided that such gifts are not inconsistent with its stated mission, purposes and priorities. CHEMPI will not accept gifts that are too restrictive in purpose. Gifts that are too restrictive include those that are too difficult to administer, or gifts that are for purposes outside CHEMPI's mission. CHEMPI's gift acceptance committee will make all final decisions on the restrictive nature of a gift, and its acceptance or refusal.
5. **The Gift Acceptance Committee:** CHEMPI's gift acceptance committee shall consist of:
  - 5.1 The Chairman of the Board of Trustees;
  - 5.2 The Chairman of the Investment Committee;
  - 5.3 A sponsor (Past Grand Exalted Ruler) of the California-Hawaii Elks Association; and the following ex officio members:
  - 5.4 The Executive Director;
  - 5.5 General Counsel.

The gift acceptance committee is responsible for reviewing planned gifts to CHEMPI, properly screening and accepting those gifts, and, when appropriate, making recommendations on gift acceptance issues to the Board of Trustees.

6. Acceptable Giving Methods: The following methods of giving are generally acceptable:

- 6.1 Cash: Cash, including donations by credit card, is acceptable in any form. Checks shall be made payable to CHEMPI and shall be delivered to the CHEMPI office in Fresno;
- 6.2 Bequests: CHEMPI's donors will be encouraged to make bequests to CHEMPI under their wills and trusts. Such bequests will not be recorded as gifts to CHEMPI until such time as the gift is irrevocable. When the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable;
- 6.3 Tangible Personal Property: CHEMPI will exercise extreme caution when reviewing proposed gifts of tangible personal property. The following factors will be considered:
  - Does the property fulfill CHEMPI's mission?
  - Is the property marketable?
  - Are there any undue restrictions on the use, display, or sale of the property?
  - Are there any carrying costs for the property?

CHEMPI's gift acceptance committee shall make the final determination on the acceptance of tangible property gifts.

6.4 Securities: CHEMPI can accept both publicly traded securities and closely held securities.

**Publicly Traded Securities.** Marketable securities may be delivered physically to CHEMPI's Fresno office with the transferor's signature or stock power attached. As a general rule, all marketable securities shall be sold upon receipt unless otherwise directed.

**Closely Held Securities.** Closely held securities which include not only debt and equity positions in non-publicly traded companies, but also interests in limited partnerships and limited liability companies, or other ownership forms, can be accepted subject to the approval of CHEMPI's gift acceptance committee. However, gifts must be reviewed prior to acceptance to ensure that:

- There are no restrictions on the security that would prevent CHEMPI from ultimately converting the assets to cash;
- The security is marketable;
- The security will not generate any undesirable tax consequences for CHEMPI.

If potential problems arise on initial review of the security, further review and recommendation by an outside professional may be sought before making a final decision on acceptance of the gift. The gift acceptance committee of CHEMPI and legal

Counsel shall make the final determination of the acceptance of closely held securities when necessary. Every effort will be made to sell non-marketable securities as quickly as possible.

- 6.5 Real Estate: Gifts of real estate may include developed property, undeveloped property, or gifts subject to a prior life interest. Prior to acceptance of real estate, CHEMPI shall require an initial environmental review of the real property to ensure that the property has no environmental damage. In the event that the initial inspection reveals a potential problem, CHEMPI shall retain a qualified inspection firm to conduct an environmental audit. The cost of the environmental audit shall generally be an expense of the donor.

Prior to acceptance of the real property, the gift must be approved by the gift acceptance committee of CHEMPI and by CHEMPI's legal counsel. Criteria for acceptance of the property shall include:

- Is the property useful for CHEMPI's purposes?
- Is the property marketable?
- Is it a full, fee-title interest?
- Are there any restrictions, reservations, easements, or other limitations associated with the property?
- Are there carrying costs, which may include insurance, property taxes, mortgages, or notes, etc., associated with the property?
- Does the environmental audit reflect that the property is not damaged?

- 6.6 Remainder Interests in Property: CHEMPI will accept a remainder interest in a personal residence, farm, or vacation property subject to the provisions of "6.5" above. The donor or other occupants may continue to occupy the real property for the duration of the stated life. At the death of the donor, CHEMPI may use the property or reduce it to cash. Where CHEMPI receives a gift of a remainder interest, expenses for maintenance, real estate taxes, and any property indebtedness generally are to be paid by the donor or primary beneficiary.

The donor will receive credit for the value of the property, discounted to reflect the retained "life estate" interest. For federal income tax purposes, depreciation and depletion must also be taken into account in determining the charitable income tax deduction.

- 6.7 Oil, Gas and Mineral Interests: CHEMPI may accept oil and gas property interests, when appropriate. Prior to acceptance of an oil and gas interest, the gift shall be approved by the gift acceptance committee, and if necessary, by CHEMPI's legal counsel. Criteria for acceptance of the property shall include:

- Gifts of surface rights should have a value of \$20,000.00 or greater;

- Gifts of oil, gas, and mineral interests should generate at least \$3,000 per year in

royalties or other income (as determined by the average of the three years prior to the gift);

- The property should not have extended liabilities or other considerations that make receipt of the gift inappropriate;
- A working interest is rarely accepted. A working interest may only be accepted when there is a plan to minimize potential liability and tax consequences;
- The property should undergo an environmental review to ensure that CHEMPI has no current or potential exposure to environmental liability.

6.8 Bargain Sales: CHEMPI will enter into a bargain sale arrangement in instances in which the bargain sale furthers CHEMPI's mission and purposes. All bargain sales must be reviewed and recommended by the gift acceptance committee and approved by the Board of Trustees. Factors used in determining the appropriateness of the transaction include:

- CHEMPI must obtain an independent appraisal substantiating the value of the property;
- If CHEMPI assumes debt with the property, the debt ratio must be less than 50 percent of the appraised market value;
- CHEMPI must determine that it will use the property, or that there is a market for sale of the property, allowing sale within 12 months of receipt;
- CHEMPI must calculate the costs to safeguard, insure, and expense the property (including property tax, if applicable) during the holding period.

The donor will receive credit for the excess of the value of the property over the sale price.

6.9 Life Insurance Beneficiary Designations: CHEMPI's donors will be encouraged to name CHEMPI as beneficiary or contingent beneficiary of their life insurance policies. Such designations shall not be recorded as gifts to CHEMPI until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.

6.10 Life Insurance - Gifting: CHEMPI must be named as both beneficiary and irrevocable owner of an insurance policy before a life insurance policy can be recorded as a gift. The gift is valued at its interpolated terminal reserve value, or cash surrender value, upon receipt. If the donor contributes future premium payments, CHEMPI will include the entire amount of the additional premium payment as a gift in the year that it is made.

If the donor does not elect to continue to make gifts to cover premium payments, CHEMPI may:

- Continue to pay the premiums;
- Convert the policy to paid-up insurance;

- Surrender the policy for its current cash value.

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- 6.11 Charitable Remainder Trusts: CHEMPI may accept a designation as a remainder beneficiary of a charitable remainder trust with the approval of its Gift Acceptance Committee. CHEMPI will not accept appointment as Trustee of a charitable remainder trust.
  - 6.12 Charitable Lead Trusts: CHEMPI may accept a designation as income beneficiary of a charitable lead trust. CHEMPI will not accept an appointment as Trustee of a charitable lead trust.
  - 6.13 Retirement Plan Beneficiary Designations: CHEMPI's donors will be encouraged to name CHEMPI as beneficiary of their retirement plans. Such designations will not be recorded as gifts to CHEMPI until such time as the gift is irrevocable. Where the gift is irrevocable, but is not due until a future date, the present value of that gift may be recorded at the time the gift becomes irrevocable.
7. Pass-Through Gifts: CHEMPI is not a pass-through vehicle. It cannot accept a gift on behalf of non-501(c)3 entities, such as Elks Lodges, for the purpose of providing the donor with a tax deduction.
  8. Miscellaneous Provisions:
    - Securing appraisals and legal fees for gifts to CHEMPI generally will be the responsibility of the donor. Fees borne by CHEMPI will be netted against the value of the gift;
    - CHEMPI will record gifts received at its valuation on the date of receipt.
    - The Gift Acceptance Committee of CHEMPI is responsible for filing IRS Form 8282 upon the sale or disposition of any asset sold within two years of receipt by CHEMPI when the charitable deduction value of the item is more than \$5,000. CHEMPI must file this form within 125 days of the date of sale or disposition of the asset.
    - Acknowledgment of all gifts made to CHEMPI and compliance with the current IRS requirements in acknowledgment of such gifts shall be the responsibility of the CHEMPI office.
  9. Changes to Gift Acceptance Policies: The CHEMPI Board of Trustees must approve any changes to, or deviations from, these policies.

**ADOPTED** on November 1, 2002 at Sacramento, California.

**Note:** This policy is a substantial replication of the Gift Acceptance Policy of the Elks National Foundation which should be reviewed for any changes in policy for accepting individual gifts.