Charitable Gift Annuity Investment Policy

A Charitable Gift Annuity is a contract between the donor and Rocky Mountain College. It allows a donor to take advantage of a charitable contribution while at the same time receiving a guaranteed payment for the rest of his or her life.

While Charitable Gift Annuities are an outstanding gift vehicle for many donors, they carry a potential risk and liability for the College. As such, Rocky Mountain College will administer its Charitable Gift Annuity program under the following guidelines and criteria.

Eligibility:

A. The donor's age and proposed payment schedule must meet the IRS requirement that at least 10% of the initial gift is likely to be left to the college.
B. The minimum amount accepted to establish an annuity will be $5,000.
C. The College will accept gift annuities for one life, two lives in succession, or joint and survivor annuity agreements. Gift annuity agreements will be limited to one life or two lives at the time of the gift.
D. Gift assets will be limited to cash and securities for which a ready market exists.

Eligibility requirements will be reviewed by the Finance/Investment Committee annually.

Annuity Payments & Rate

A. To calculate the maximum payments for a gift annuity, the College will use the rates published by the American Council of Gift Annuities.
B. Annuity payments will be made on a quarterly, semiannual, or annual basis, depending upon the size of the payment.
C. Quarterly payments will be paid to the annuitant on the first business day of the month (direct deposit) or the first Friday of the month (physical check) in which the payment is due.
D. Semiannual payments will be paid to the annuitant on the first business day of the month (direct deposit) or the first Friday of the month (physical check) in which the payment is due.
E. Annual payments will be paid to the annuitant on the first business day of the month (direct deposit) or the first Friday of the month (physical check) in which the payment is due.
F. The first annuity payment will be prorated based on the date the agreement takes effect and the date of the first scheduled payment.
G. If the final annuitant dies on the payment date, the payment belongs to the annuitant’s estate.
H. If the final annuitant dies before the exact payment date, the payment belongs to the College, which shall have a legal right to the return of the payment from the estate of the final annuitant.

Investments & Bookkeeping:

A. The College will maintain gift annuities in an investment pool that is separate from its general investment pool.
B. The College's Investment Committee shall have the responsibility and authority for determining the most appropriate investment vehicles for all annuity funds. These guidelines and restrictions are addressed in Addendum One.
C. The full annuity gift will be admitted to the gift annuity fund of the College and will be maintained until the demise of the last annuitant in the agreement.
D. The College will maintain separate fund records for each annuity on record.
E. The College will not charge an Administrative Management Fee to the annuities in the pool.
F. All annuities in the annuity pool will share their fair portion of investment income and expenses.

Other Criteria and Reporting:

A. The College's annual obligations for annuity payments shall be reviewed annually by the Investment Committee to ensure the size of the entire annuity investment pool is sufficient to cover all potential annuity obligations.
B. The College will report all taxable annuity payment amounts paid in the prior calendar year by January 31st to all annuitants.
C. Annual Capital Gains that may be reported ratably over the donor's lifetime will be reported to each donor/annuitant.
D. The College will maintain separate records for each donor/annuitant containing all information and data that has been reported for the donor/annuitant.
E. The College will provide the donor/annuitant at the time the Annuity Agreement is established, a chart depicting all appropriate tax reporting data (charitable deduction, capital gains, tax-free and taxable annuity payments) for all the years of their projected life expectancy.

Guidelines and Restrictions Addendum One:

A. Investments/Asset Classes

The diversification of asset classes will be based on our risk/return profile and the research and analysis conducted on our behalf by our Portfolio Managers.

The Asset Classes that may be included in our Portfolio include:

Large Cap US Equities	Mutual Funds
Mid/Small Cap US Equities	US Government Bonds
International Equities	US Corporate Bonds
Real Estate Investment Trusts	International Bonds
Preferred Stocks	Convertible Securities
Exchange Traded Funds	Commodities
Unit Investment Trusts	

Investments should be limited to liquid securities which have readily available prices and sufficient trading volume that they can be bought and sold without delays or significant impact on the price of the securities.
No one Manager shall invest more than 5% of the market value of the portfolio under their management in the equity security of any single issuer.

Derivatives which are privately placed and non-regulated are not acceptable investments.

B. Asset Allocation Policy
Fund investments should be allocated within the following ranges for each asset class.

Asset Category	Minimum	Recommended	Maximum
Equity	**30%**	**60%**	**70%**
Domestic Large Cap	30%	40%	50%
Domestic Mid/Small	0%	10%	20%
International	0%	10%	20%
Alternative Investments	**0%**	**0%**	**10%**
Fixed Income	**15%**	**35%**	**55%**
Cash	**0%**	**5%**	**10%**
Cash Equivalents	0%	0%	10%

The targets above govern the strategic allocation, while the ranges allow for tactical moves. The Asset Allocation Policy of acceptable minimum and maximum ranges represents a long-term requirement. Routine market movements may cause the Funds' actual asset allocations to move outside these ranges. In general, any such divergence should be corrected quarterly by the Managers, or sooner if it exceeds +/- 10% of the minimum or maximum range percentages.

The purpose of the equity segment is to provide principal appreciation that exceeds inflation. It is recognized that equity investments carry greater market price volatility and risk than other asset classes, which could result in certain investments reflecting a market value below acquisition cost from time to time.

The purpose of holding fixed income assets (maturities over one year) is to provide a reasonably predictable income stream and to help preserve capital.

Cash equivalent securities are defined as individual debt instruments having maturities of less than one year or money market funds that hold securities with maturities for less than one year. The minimum rating of any single issue of commercial paper held in the Fund should be rated "A1" by Standard & Poor's or "P1" by Moody's. The percentage of total assets allocated to cash equivalents should be sufficient to assure enough liquidity to meet disbursements and general operational expenses. The total amount allowed to be held as cash equivalents by the Funds may be held in a single money market fund. Other liquidity requirements of the College will be communicated to Managers on a regular basis.

A modest amount of alternative investments are allowed, if appropriate. Including non-correlated investments can result in benefits for the portfolio, such as lower standard deviation, volatility, hedging, and long-term appreciation of assets through diversification.

Investment Performance Review:

A. Managers' performance will be reviewed by the Committee on both a quarterly and annual basis and reported to the Board. The review fulfills the fiduciary responsibility of the Board to monitor the performance of the Managers. The review will determine if the Managers are meeting the investment objectives and will evaluate whether the Managers are adhering to the investment guideline and restrictions. The review will determine if the Managers are adhering to the appropriate degree of risk in managing the Funds. The review will determine if the Managers have added value through active management (e.g. are the Managers beating or at least matching a benchmark stock and bond index). This process may result in withdrawing assets or dismissing Managers who have demonstrated relatively poor investment results over longer periods of time. Style Index: In view of the goal stated above that the endowment investments earn returns higher than the "market", a benchmark index or mix of indices that reflect the endowment's return objectives and risk tolerance will be used in the evaluation process. This benchmark or "style index" is to be constructed as follows:

40% Standard & Poor's 500 Stock Index
10% Russell 2000 Stock Index
10% Morgan Stanley Capital International Europe, Australasia and Far East (MSCI EAFE) International Stock Index (Net)
40% Barclay Aggregate Bond Index

The endowment portfolio is expected to exceed the average annual return of this benchmark on a risk-adjusted basis over a three-to-five year rolling time period and a full market cycle.

B. Performance measurement reports will be provided by the Manager on a quarterly basis to the CFO and the Committee Chair. On a monthly basis, the Managers will provide to the CFO a list of assets held in the Funds, and a list of transactions that occurred during the month.

On an annual basis, the Manager will also provide to the Committee a market commentary explaining the actions taken by the Managers, and analysis of the current and future investment environment, and a description of the current investment strategy for the Funds' portfolio. The Managers will provide to the CFO an immediate written explanation of any instance when a portfolio falls outside the guidelines and policies set forth in this Statement.

The Managers or representatives of the Managers will meet with the Committee when requested.

If at any time the Managers believe that a specific guideline or restriction is adversely impeding their ability to implement their instructions or to meet the performance objectives, they should present this fact in writing to the Committee. The Managers will inform the Committee immediately of major changes in the Managers' firm, including a change of ownership, the departure of one or more investment professionals, or a change in investment style or approach. An independent Financial Advisor or other qualified representative may be called to meet with the Committee and the Board to review the performance of the Funds at any time. All guidelines, restrictions, and objectives contained in this Statement shall remain in force until modified by the Board in writing.

Summary:

A. This Statement will be reviewed, at a minimum, on an annual basis by the Committee and may be revised by the Board at any time.

B. This Statement is meant to provide guidance to the Managers in managing the Fund's assets and guidance to the Committee and the Board in monitoring the performance of the Managers and the investments of the College Funds. It is believed that the investment guideline, restrictions, objectives, and policies stated herein are sufficiently flexible to achieve the investment goals described herein.

C. This Statement and any subsequent revisions should be reviewed by the Managers immediately upon receipt. If the Managers disagree with any part of this Statement, those concerns should be communicated to the CFO and the Committee Chair. Failure to do so will be deemed acceptance of this Statement in its entirety.

D. The Managers should always be aware that the assets of the Funds are to be managed consistent with the safeguards and diversity to which a prudent investor would adhere, i.e., exercising judgment and care, under the circumstances prevailing, which men/women of ordinary prudence would employ in the management of their own affairs, not in regard to speculation, but to the permanent disposition of their funds, considering both income and safety of capital.

Policy Review:

Revised and adopted this the 26th day of April, 2024, By the Board of Trustees of Rocky Mountain College.