University of Maine System

ADMINISTRATIVE PRACTICE LETTER

SUBJECT: GIFTS OF STOCKS/BONDS

PURPOSE:

To promote good donor relations, minimize commission expenses, and to streamline the processing of donated securities.

GENERAL:

The University of Maine System (UMS) uses one specific broker (E*TRADE Securities LLC) to sell securities. Development officers are authorized to work with donor brokers to coordinate the electronic transfer of securities. This will facilitate the prompt sale of donated securities and the provision of gift acknowledgements to donors. When securities have been received, UMS staff will sell the securities on-line using the E*TRADE website. Development officers should contact the Office of Finance and Treasurer (OFT) for specific stock trade details (e.g., date of transfer, net proceeds).

Because much time, effort, and expense is required to open accounts with other brokers for the sake of selling donated securities, donors should be encouraged to allow UMS's broker to sell their gift. However, if a donor insists on using a broker other than E*TRADE, then UMS will honor such a request.

Development officers should ask donors if they would be incurring a loss or a gain upon sale of the security. If the donor would incur a loss, the development officer should suggest that the donor might receive a tax benefit by selling the stock and then donating the proceeds. If the donor would incur a gain, the donor would avoid capital gains taxes by transferring the stock to the campus. If the donors sell the securities, the commission is an expense to them. If UMS sells the securities, it is an expense to UMS. Donors should always be advised to consult with their tax or financial advisor concerning the tax implications of their gift.

The electronic transfer of securities is preferred to the receipt of certificates, since the sale process can be achieved more quickly and safely. The processing of paper certificates can take up to 2-3 weeks, whereas electronic transfers can be completed in a few days. To facilitate sales, development officers should provide donor brokers with the electronic transfer instructions for UMS's broker.

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Electronic Transfer of Securities

Most of the time, the transfer of securities will occur through the donor's broker. The donor sends a letter to his/her broker asking that a specific number of shares be electronically transferred to UMS's broker on behalf of a particular campus as a gift. The donor's broker either calls or writes the campus to communicate the news of the gift.

- The development officer should provide the donor's broker with the DTC (depository trust company) transfer instructions for UMS's broker (Exhibit I).
- The development officer should instruct the OFT to expect a DTC transfer, the type and number of shares, the purpose of the gift, and the appropriate program number to be credited.
- The Office of Finance and Treasurer will sell securities as soon as possible, but only after notification from the universities to expect a transfer and to explain the purpose of the gift.
- After the securities have been transferred from the donor's broker to UMS's account (2-3 days), the development officer should contact the OFT to confirm the sale. The date of the gift is the day the donor's broker transfers the security to UMS's account.
- The development officer should promptly provide the donor with a written acknowledgement of the gift as soon as the stock has been transferred to UMS's account. The letter or receipt should include:
    - the name of the campus;
    - the date of transfer;
    - a description of the gift, including name of the company and number of shares;
    - the value of any goods or services (if any) the donor received as a result of the contribution, if applicable;
    - a declaration that gifts to the University are tax-deductible to the extent permitted by law (e.g., "This letter will act as your tax receipt. The full amount of your gift is a deductible contribution to the extent permissible by law. No goods or services were provided in exchange for this gift").

The fair market value of the donor's gift is the average of the high and low selling prices that the security traded at on the day of transfer. If it is desired to provide this information to the donor, the development officer should look up this information in that day's stock tables (most newspapers report this information) or obtain the information from a financial website. A good website that contains historical high/low stock prices by day for many stocks is http://finance.yahoo.com/. Simply enter the trading symbol, click on "Get", then click on "Historical prices", below the "Last Trade" price.

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The proceeds of the sale will be sent to UMS. Upon receipt of the funds from the broker, UMS staff will deposit the proceeds of the sale into the program number that was provided by the campus and send copies to the appropriate university. The campus gift processing staff will then enter the gift into the gift processing system (Exhibit II).

Gifts received in certificate form

If a donor hand delivers a properly endorsed bond or stock certificate, the date of contribution (and of valuation) is the delivery date. Donors should endorse security certificates only upon delivery to the campus.

If unsigned certificates are mailed to the campus, the contribution and valuation dates are the latest postmark date. As previously noted, the gift should be valued as the average of the high and low prices on the valuation date.

Certificate in name of individual or joint donor(s):

- Make E*TRADE Securities LLC the Attorney to Transfer on the back of the certificate;
- Have donor(s) fill out one Stock Assignment form (Exhibit III) per certificate;
- Have donor(s) fill out and sign a Letter of Authorization (Exhibit IV) with Medallion Signature Guarantee stamps – one form per donor. A Medallion Signature Guarantee stamp will be placed on the document when an authorized individual, usually the donor's broker or banker, witnesses the donor's signature (this is similar to a notarization).
- Write the University account number to be credited (5568-6868) on all forms and on the certificate(s).

Certificate in name of Revocable Trust:

- Make E*TRADE Securities LLC the Attorney to Transfer on the back of the certificate;
- Have trustee fill out one Stock Assignment (Exhibit III) form per certificate;
- Have donor(s) fill out and sign a Letter of Authorization (Exhibit IV) with Medallion Signature Guarantee stamps – one form per trustee. The trust should be able to obtain a Medallion Signature Guarantee stamp from its broker or banker;
- Send the entire copy of the Trust document to E*TRADE (see Exhibit I);
- Write the University account number to be credited (5568-6868) on all forms and on the certificate(s).

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SUBJECT: GIFTS OF STOCKS/BONDS

Certificate in name of a Corporation:

- Make E*TRADE Securities LLC the Attorney to Transfer on the back of the certificate;
- Obtain and send to E*TRADE a Corporate Resolution Form (Exhibit V), signed by all corporate officers, dated within the past 6 months;
- Have either the Authorized Agent or one officer other than the secretary fill out and sign one Stock Assignment (Exhibit III) form per certificate;
- Have either the Authorized Agent or one officer other than the secretary fill out and sign a Letter of Authorization (Exhibit IV) with Medallion Signature Guarantee stamps. The corporation should be able to obtain a Medallion Signature Guarantee stamp from its broker or banker;
- Write the University account number to be credited (5568-6868) on all forms and on the certificate(s).

Stock Donation from a Corporation (not a Certificate):

The transfer agent should re-title the stock and then send it over to the E*TRADE account.

Exhibit III provides a sample of a Stock Assignment.
Exhibit IV provides a sample of a Letter of Authorization. The Letter of Authorization should detail:

- the number of shares of each stock given;
- the corporation names;
- the stock certificate numbers;
- a statement stating that the donor is giving up full rights to the shares and is donating them to the campus.

The signature(s) on the letter must match the name(s) on the certificates exactly.

The development officer should mail the Stock Assignment(s), Letter of Authorization, and any other applicable paperwork to UMS's broker (see **Exhibit I**) separately from the stock certificates. All such paperwork should be sent by certified mail.

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Each development office should keep copies of the stock certificates, Stock Assignments and Letters of Authorization. Stock certificates should be placed in a vault if they are to be held overnight. All donor signatures, whether they be on the back of the stock, on the Stock Assignment or on a Letter of Authorization, must appear exactly the same as the name on the stock certificate. If the stock is jointly held (more than one name appears on the stock certificate), all owners must sign the same Letter of Authorization and the same Stock Assignment or the back of the stock certificate using the same names as that on the stock certificate.

The development officer should then promptly provide the donor with a written acknowledgement and then inform the Office of Finance & Treasurer of the gift and the proper account number to credit, as described above.

The proceeds of the sale will be sent to UMS by UMS's broker and, as noted, posted into the appropriate program. Sale confirmations and monthly statements will be sent to UMS. All associated paperwork should be retained at the campus where the gift was initially received

Related Documents:

Policy 706 Acceptance of Gifts, Development Activities and Fund Raising Campaigns

APPROVED

_____

Vice Chancellor for Finance and Administration

EXHIBIT I

Instructions for
Electronically Transferring Stock

To donate a gift of stocks which are in the possession of donor's stockbroker, please have the broker electronically transfer the corporate stock to the **University of Maine System account** which has been established at:

☐ **E*TRADE DTC #0385**
For further credit to:

University of Maine System
Account Number: 5568-6868

☐ **UMS Broker:**

E*TRADE Securities, LLC
www.etrade.com
800-822-2021
866-650-0003 Fax

With the transfer, please include information about what the donor would like the proceeds to support at which System campus. Also please notify the respective campus's development office when the transfer is expected to take place - (when the order for transfer has been executed).

To send certificates via regular mail:

E*TRADE Securities LLC
P.O. Box 1542
Merrifield, VA 22116-1542

To send securities via overnight mail:

E*TRADE Securities LLC
671 N. Glebe Road, 11th Floor
Arlington, VA 22203

EXHIBIT II

BENEFACTOR ENTRIES

A. For **Gifts of Stock Sold by the Office of Finance and Treasurer**, the appropriate university Development Office shall post the gift on Benefactor using:

- a Gift Type of Outright, Memorial, Honorarium, In-Name-Of, Planned Gift, Trust or Bequest.
- hard credit for the net amount received from the sale.
- soft credit for the difference between the net amount received from the sale and the value of the stock on the date of transfer (use soft credit only if the net amount received is less than the value on the date of transfer).
- a Pay Method of ST (stock). This is necessary so that an automatic feed to PeopleSoft will not occur when the gift is posted. The Office of Finance and Treasurer will deposit the gift directly into the correct program.
- field two of the Gift Description screen (GDES) and one field for each donated security on the Noncash Asset Composition screen (NCAC) to record stock gift data (detail to these screens from Pay Method).
- a credit date of the date of transfer.

B. For **Cash Gifts Resulting From Donors Having Their Brokers Sell Stock** (this is considered the same as a cash gift) the appropriate university Development Office shall post the gift on Benefactor using:

- a Gift Type of Outright, Memorial, Honorarium, In-Name-Of, Planned Gift, or Trust.
- a Pay Method of CK (check).
- a credit date of the date the check was received.
- hard credit for the amount of the check.

EXHIBIT III

STOCK OR BOND POWER OF ATTORNEY

E*TRADE FINANCIAL®

E*TRADE Securities LLC
P.O. Box 989030
West Sacramento, CA 95798-9030

etrade.com

- Use this form when you deliver an unsigned stock or bond certificate to E*TRADE Securities. This form serves the same purpose as endorsing the certificate on the back . Return this form to: Stock Transfer Department, E*TRADE Clearing LLC, P.O. Box 989030, West Sacramento, CA 95798-9030.
- Questions? E-mail us through through *etrade.com* or call 1-800-ETRADE-1 from 7 a.m. to midnight ET, seven days a week.

E*TRADE Securites Brokerage Account Number:

□□□□–□□□□

1 Account Holder

Account Holder Name (first, middle initial, last)	**Co-Account Holder Name** (first, middle initial, last)

FOR VALUE RECEIVED, the undersigned does (do) hereby sell, assign, and transfer to E*TRADE Securities LLC, the stocks or bonds described below.

IF STOCKS, COMPLETE THIS PORTION:

Type of Stock (e.g., common, preferred)	**Number of Shares**
Name of Company	**Certificate Numbers** (optional)

IF BONDS, COMPLETE THIS PORTION:

Name of Company

Principal Amount	**Numbers**

The undersigned does (do) hereby irrevocably constitute and appoint E*TRADE Securities LLC or E*TRADE Clearing LLC, attorney to transfer the said stocks or bonds, as the case may be, on the books of E*TRADE Clearing with full power of substitution in the premises.

✗ **Account Holder Signature** **Date**

✗ **Account Holder Signature** **Date**

System response and account access times may vary due to a variety of factors, including trading volumes, market conditions, and system performance.

The E*TRADE FINANCIAL family of companies provides financial services that include brokerage, banking, and lending. E*TRADE Securities LLC, Member NASD/SIPC, offers securities products and services that are not FDIC insured and not guaranteed deposits or obligations of E*TRADE Bank. Investments are subject to risk, including possible loss of principal invested. E*TRADE Bank and E*TRADE Securities LLC are separate but affiliated companies. Accounts are carried by an affiliate, E*TRADE Clearing LLC, Member NYSE/NASD/SIPC. Banking and lending products and services are offered by E*TRADE Bank, a fFederal savings bank, Member FDIC, or its subsidiaries.

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EXHIBIT IV

Sample Letter of Authorization

July 14, 2006

E*TRADE Securities LLC
P.O. Box 1542
Merrifield, VA 22116-1542

Dear Sir or Madam:

I, John Doe, do hereby relinquish my rights to one hundred shares of ABC Corporation stock (#A12345) and donate the shares to the University of Maine System for the XYZ Scholarship.

Sincerely,

John Doe
(Signature(s) must appear exactly the same as the name on the certificate.)

EXHIBIT V

E*TRADE FINANCIAL®

Corporate Resolution

E*TRADE Securities LLC
P.O. Box 1542
Merrifield, VA 22116-1542

etrade.com

Questions? E-mail us through etrade.com or call 1-800-786-2575 7am to midnight ET, seven days a week.

This form can be completed and signed only by the secretary of a corporation. It cannot be signed by the president, vice president, or treasurer given the authority in the resolution. Return this form to: **Stock Transfer Department**, E*TRADE Clearing LLC, P.O. Box 989030, West Sacramento, CA 95798-9030.

BE IT RESOLVED that the president _____ ,
(Name)

vice president _____ , treasurer _____ ,
(Name) (Name)

or any one of them acting individually, are hereby authorized to sell, assign, and endorse for transfer certificates representing stocks, bonds, or other securities now registered or hereafter registered in the name of this corporation.

I, _____ ,
(Name)

secretary of _____ ,
(Name of Corporation)

incorporated under the laws of the State of _____ ,

hereby certify that the foregoing is a true copy of a resolution duly adopted by the Board of Directors of said corporation at a meeting duly held the _____ day of _____ , 20____ , at which a quorum was present and voting, and that the same has not been repealed or amended and remains in full force and does not conflict with the by-laws of said corporation.

CORPORATE SEAL

_____
Date

_____
(If no seal, certify that there is no seal.)

_____
Secretary (must not be signed by any office named in the resolution)

The E*TRADE FINANCIAL family of companies provides financial services that include brokerage, banking, and lending.
Securities products and services are offered by E*TRADE Securities LLC, Member NASD/SIPC. Brokerage accounts are carried by an affiliate, E*TRADE Clearing LLC, member NYSE/NASD/SIPC.

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