

**MURRAY STATE UNIVERSITY FOUNDATION, INC.  
POLICY**

**SUBJECT:** Policy on Income Payout Rates for Charitable Remainder Trusts

**DATE:** July 1, 2005

**PURPOSE**

The Murray State University Foundation, Inc. (Foundation), in order to serve as a responsible trustee of charitable remainder trusts (unitrusts and annuity trusts), has established a policy on the income payout rates that are appropriate for such trusts. To assure that the fund which remains at the end of the trust's operation can provide a meaningful gift for the recipient unit, this policy focuses on determining acceptable rates.

**POLICY**

With a less robust economy and stock market than in years past, the most reasonable income rates for charitable remainder trusts are 5% to 6%, according to research information received from our financial advisors. Which rate is the best in a specific situation is also affected by the income recipients' age(s). The longer the trust will operate, the more benefit results from a lower payout rate because it allows a greater level of growth within the trust to occur. The larger value of the trust means that a larger gift for the unit will also be available.

While lifetime payouts are usually the donor's choice, an alternative option for a donor who wishes to receive a higher payout is to use a trust which will operate for a certain number of years only. The fewer number of years can justify a somewhat higher income rate.

This policy on payout rates applies to charitable remainder trusts only. Gift annuity rates are set by the American Council on Gift Annuities and are tied to the income recipients' age(s) at the time the gift annuity is created.

*Note: Any exceptions to this policy must be approved in advance by the Foundation Gift Acceptance Committee.*

**Foundation Gift Acceptance Committee**

Harold G. Doran Jr., Trustee

George E. Long II, Trustee

Robert L Jackson, President and University Director of Planned Giving