Charitable Giving Protection Act of 1995
Recommended Disclosure Materials

1. Campus cover letter — Letter to be supplied by the campus, including campus gift-fee structure and offer of additional information about gift-asset management and administration

2. Regents' cover sheet — Information about The Regents, University officers, address, investment management of Regents' funds and funds held in trust for charitable purposes.

3. Gift-Vehicle Sheets

   A. Charitable trusts

   B. Two pooled income funds
   Information on which investment funds are employed, reports to donors and beneficiaries, provisions governing distribution and fees

   C. Charitable gift annuities
   The charitable gift annuity sheet describes the pooled investment of the California and non-California reserve funds, assets, fees. No individual investment pool sheet is required.

4. Quarterly Investment Information (see Charitable Asset Management – CAM)
   http://www.ucop.edu/treasurer/invinfo/investment%20info.html

   Information on total assets, investment objectives, statement on fund organization, possibility of fluctuation of income.

   A. CAM Russell 3000 Tobacco Free

   B. CAM EAFE International Tobacco Free

   C. CAM Fixed Income Pool

   D. State Street Global Advisors Money Market Fund
   https://advisors.ssga.com/fund_doc/fund_doc_20031120_105417/mnymkt.pdf

5. Acknowledgment from donor regarding receipt of disclosure materials:
   It is recommended to require an acknowledgment from the donor indicating that disclosure materials have been received and read. The acknowledgment may be in the form of a counter-signed cover letter, signed biographical data sheet, or other form.

Similar data to be provided for Campus Foundation and its investment vehicles.

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA
1111 Franklin Street
Oakland, California 94607-5200

Robert C. Dynes, President
Charles F. Robinson, General Counsel
Marie N. Berggren, Chief Investment Officer, Vice President–Investments, and Acting Treasurer of The Regents

The Regents of the University of California acts as trustee for charitable remainder trusts, charitable lead trusts, pooled income funds and charitable gift annuities, in which the University of California has an interest. It is the policy of The Regents, where possible, to pool for investment purposes the gift funds received from various donors to establish these life-income producing vehicles. The Treasurer of The Regents invests and manages these funds on behalf of the University and the beneficiaries. The gift funds may be invested with other University assets in the Charitable Asset Management (CAM) pools, the administration of which is handled by the CAM group of State Street Global Advisors, Boston and San Francisco, The Regents' custodian. These funds are exempt from the registration requirements of the federal securities laws, pursuant to an exemption for collective investment funds and similar funds maintained by charitable organizations.

Donors are encouraged to consult their own legal and tax advisors regarding the risks, tax treatment and other aspects of contributing to such planned gifts.

Information follows about the administration of the planned gift vehicles and the individual investment funds.

CHARITABLE TRUSTS
(Annuity Trusts, Unitrusts, and Lead Trusts)

Charitable remainder and lead trusts, including annuity trusts and unitrusts, may be invested in the Charitable Asset Management (CAM) pools, the administration of which is handled by the CAM group of State Street Global Advisors, Boston. According to the specific characteristics of an individual trust and the needs of the related beneficiary, the asset allocation is assigned separately among the CAM Russell 3000 Tobacco Free, the EAFE International Tobacco Free, and the Fixed Income Pool. Information about these pools follows.

The income from the assets of each trust is distributed in accordance with the California Principal and Income Act and as set forth in the terms of the individual trust agreements.

An **Annuity Trust** is a creation of the Tax Reform Act of 1969. It is established by the transfer of money or property to an irrevocable trust that pays a fixed income payment (equal to at least 5% of the initial fair market value of the assets placed in trust) to an income beneficiary for life or for a specified number of years. The payout is required whether or not income earned by the annuity trust is sufficient to meet the trust's payout requirement. When the income is insufficient, the difference is taken from the corpus of the trust. Upon maturity, the corpus is distributed for the charitable purpose specified by the donor.

The **Unitrust** is also a creation of the 1969 Act. Its distinguishing feature is that it pays a variable income expressed as a percentage (also a minimum of 5%) of the market value of the assets of the trust revalued each year. If the income earned by the unitrust's corpus is insufficient to meet the trust's payout requirement, the difference is taken from the corpus of the trust. Upon maturity, the corpus is distributed for the charitable purpose specified by the donor.

There are also variations on a standard charitable remainder trust where income payments are dependent upon the income generated by the trust.

Net-Income Charitable Remainder Trust (NICRUT): The recipient receives the lesser of the trust's net income for that year <u>or</u> the fixed percentage of the trust assets valued annually. [IRC 664(d)(2) and (d)(3)]

Net Income with Make-up Charitable Remainder Trust (NIMCRUT): The recipient receives the lesser of the trust's net income for that year or the fixed percentage, and in a year when the trust's net income exceeds the fixed percentage, such excess is used to makeup for past deficiencies in years when the net income was less than the fixed percentage. [IRC 664(d)(2) and (d)(3)]

FLIP CRUT: Commencing in 1999, federal tax law also recognizes another type of charitable remainder trust often referred to as a "FLIP CRUT." Initially, the trust operates as a net-income unitrust paying the lesser of income or the fixed percentage to the income beneficiary(ies). However, after the occurrence of a "triggering event", the trust converts (flips) to a standard unitrust. [Treas. Reg. 1.664-3(a)(l)(i)(c)]

Charitable Lead Trust: This is the reverse of a charitable remainder trust; it pays the income interest to a charitable beneficiary for a specified period of time, then distributes the principal to non-charitable beneficiaries.

California trust law permits that the direct costs of converting gift assets into cash for investment purposes may be recovered from trust principal; it is the policy of The Regents to do so.

Annual reports, including information on a trust's income and the valuation of its assets, are provided routinely to beneficiaries and to donors upon request. The Regents' policy permits the assessment of a one-time fee on the distribution of the charitable remainder of the trust corpus. The fee is equal to 0.30% (three-tenths of one percent) of the principal calculated upon termination, multiplied by the number of months invested, divided by 12 (0.0030 x MV@ Termination x (number of months invested, divided by 12)). The fee covers a portion of the accounting and tax preparation costs over the life of the trust agreement. The gift fee assessed by the individual campus is described in the cover letter to this disclosure packet.

UC LONG-TERM INCOME FUND
(Pooled Income Fund)

The pooled income fund was created by the Tax Reform Act of 1969. It commingles the gifts of many donors in a single common trust. All of the income from the assets is distributed each year on a pro rata basis to the donors or their designees. On the death of the last beneficiary of each pooled income fund agreement, the prorated principal attributed to that individual agreement is severed from the pool and distributed for the specified charitable purpose.

The Fund's investment objective is to produce a relatively high and stable level of current income. This income is provided by a diversified investment portfolio of high-quality fixed income securities. Emphasis is placed on intermediate-term corporate, government and mortgage-backed securities. The value of the assets held by the Fund will necessarily fluctuate from time to time with changes in the market and economic conditions, and there can be no guarantee that any specific investment results will be achieved.

Funds received for the UC Long-Term Income Fund are invested in the Charitable Asset Management (CAM) Fixed Income Fund, the administration of which is handled by the CAM group of State Street Global Advisors, Boston and San Francisco. However, on receipt of the assets by The Regents, the funds are invested on a temporary basis in the State Street Global Advisors Money Market Fund.

Distributions of income are made monthly to the Long-Term Income Fund. The fund issues payments to beneficiaries on a quarterly basis on or before the end of the month following the close of each quarter.

Beneficiaries receive an annual report, which reviews the performance of the pool in the previous three years, the fund’s assets, number of units and unit value, number of participants, income earned and distributed, income per unit, yield based on market value according to the IRS-prescribed formula, and the list of assets of the CAM pool in which the Long-Term Income Fund is invested. Donors may receive this report upon request.

The Regents’ policy permits the assessment of a one-time fee on the distribution of the charitable remainder of individual pooled income fund agreements. The fee is equal to 0.30% (three-tenths of one percent) of the principal calculated upon termination, multiplied by the number of months invested, divided by 12 (0.0030 x MV@ Termination x (number of months invested, divided by 12)). The fee covers a portion of the accounting and tax preparation costs over the life of the individual pooled income fund agreement.

The gift fee assessed by the individual campus is described in the cover letter to this disclosure packet.

UC BALANCED GROWTH FUND
(Pooled Income Fund)

The pooled income fund was created by the Tax Reform Act of 1969. It commingles the gifts of many donors in a single common trust. All of the income from the assets is distributed each year on a pro rata basis to the donors or their designees. On the death of the last beneficiary of each pooled income fund agreement, the prorated principal attributed to that individual agreement is severed from the pool and distributed for the specified charitable purpose.

The Fund's investment objective is to produce a moderate level of current income that should grow over time. It is anticipated that the income will grow in line with or in excess of the rate of inflation. The Fund will maintain a balanced portfolio comprised of a diversified mix of U.S. and international stocks and intermediate-term corporate, government and mortgage-backed fixed-income securities. The value of the assets held by the Fund will necessarily fluctuate from time to time with changes in market and economic conditions, and there can be no guarantee that any specific investment results will be achieved.

Funds received for the UC Balanced Growth Fund are invested in the Charitable Asset Management (CAM) pools, the administration of which is handled by the CAM group of State Street Global Advisors, Boston and San Francisco. The pool's asset allocation is as follows: Russell 3000 Tobacco Free, 40 percent; EAFE International Tobacco Free, 10 percent; and Fixed Income Pool, 50 percent. However, on receipt of the assets by The Regents, the funds are invested on a temporary basis in the State Street Global Advisors Money Market Fund.

Distributions of income are made monthly to the Balanced Growth Fund. The fund issues payments to beneficiaries on a quarterly basis on or before the end of the month following the close of the quarter.

Beneficiaries receive an annual report, which reviews the performance of the pool in the previous three year, the fund's assets, number of units and unit value, number of participants, income earned and distributed, income per unit, yield based on market value according to the IRS-prescribed formula, and the lists of assets of the CAM pools in which the Balanced Growth Fund is invested. Donors may receive this report upon request.

The Regents' policy permits the assessment of a one-time fee on the distribution of the charitable remainder of individual pooled income fund agreements. The fee is equal to 0.30% (three-tenths of one percent) of the principal calculated upon termination, multiplied by the number of months invested, divided by 12 (0.0030 x MV@ Termination x (number of months invested, divided by 12)). The fee covers a portion of the accounting and tax preparation costs over the life of the individual pooled income fund agreement.

The gift fee assessed by the individual campus is described in the cover letter to this disclosure packet.

CHARITABLE GIFT ANNUITIES

A charitable gift annuity is a contract between a charitable institution and a donor. In exchange for a gift, the institution agrees to pay a fixed lifetime annuity to a maximum of two beneficiaries.

With the approval of the California State Insurance Commissioner, the funds received in consideration for charitable gift annuities are invested in a reserve fund managed by the Treasurer of The Regents that is comprised of equities and fixed income securities. The reserve is administered by the Charitable Asset Management group of State Street Global Advisors and has the following asset allocation: Russell 3000 Tobacco Free, 50 percent; EAFE International Tobacco Free, 15 percent; and Fixed Income Pool, 35 percent. The market value of the California reserve was $16.3 million as of December 31, 2007.

The University has registered (at a donor's request) to issue charitable gift annuities in states outside California. The management and investment of the non-California reserve fund are similar to the California gift annuity portfolio (with differences based upon state requirements). The non-California reserve fund had a December 31, 2007 market value of $1.75 million.

In addition to the reserve fund, gift annuities are backed by funds available to the President of the University.

The annuity is based on the age of the annuitant(s) (a maximum of two annuitants to each annuity agreement) and the corresponding annuity rate recommended by the American Council on Gift Annuities, the schedule for which the University has filed with the California Department of Insurance. Annuity payments are made according to the schedule of the individual gift annuity contract on a monthly or quarterly basis.

The Regents' policy permits the assessment of a one-time fee on the distribution of the charitable remainder of the gift annuity. The fee is equal to 0.30% (three-tenths of one percent) of the principal calculated upon termination, multiplied by the number of months invested, divided by 12 (0.0030 x MV@ Termination x (number of months invested, divided by 12)). The fee covers a portion of the accounting and tax preparation costs over the life of the annuity agreement.

The gift fee assessed by the individual campus is described in the cover letter to this disclosure packet.

Administration of Funds

Custody of funds	Charitable Asset Management Group, State Street Global Advisors, The Regents' custodian.
Administration of Account	The Treasurer of the University invests funds. Endowment and Investment Accounting, Office of the President, maintains records.
Liquidity	Monthly. Deposit and withdrawal by federal funds wire or by check.