



DFA Administrative Detail: #30 - 6

Retirement Spending for Gifts

1.0 PURPOSE

The Retirement Spending for Gifts Directive provides guidance to individuals and/or units who seek to use university resources to pay for retirement awards which are tangible such as plaques, watches, clocks, etc.

2.0 BACKGROUND

Various areas of the campus are unclear regarding the applicability of retirement spending for gifts, including such issue as tax consequences for individual gifts and whether individual gifts are allowed.

3.0 OVERVIEW

The Integrated CSU Administrative Manual (ICSUAM) Section 1301 under Hospitality, Payment or Reimbursement of expenses provides policy for expenditures for Awards and Service Recognition.

Retirement awards and/or gifts are defined under section 702 of this policy. Hospitality expenses may be charged to Other Funds controlled by the university or its auxiliaries provided the expense serves a bona fide business purpose. The following restriction applies to the use of Other Funds controlled by the university or its auxiliaries:

- Other Funds may be used to pay for alcoholic beverages, awards and service recognition, entertainment services, gifts, membership in social organizations and promotional items to the extent these purchases are not restricted by other applicable laws, regulations, or funding source agreements.

Internal Revenue Service (IRS) Publication 525 Taxable and Nontaxable Income provide guidance on the reporting of such Retirement Gifts. The following excerpt from IRS Publication 525 describes what is reportable income for the employee.

- **Employee achievement award.** If you receive tangible personal property (other than cash, a gift certificate, or an equivalent item) as an award for length of service or safety achievement, you generally can exclude its value from your income. However, the amount you can exclude is limited to your employer's cost and cannot be more than \$1,600 (\$400 for awards that are not qualified plan awards) for all such awards you receive during the year. Your employer can tell you whether your award is a qualified plan award. Your employer must make the award as part of a meaningful presentation, under conditions and circumstances that do not create a significant likelihood of it being

4.0 CITATIONS AND LINKS TO APPLICABLE STATE LAW, CSU POLICIES, ETC.

CSU Executive Order 1000, delegates authority and responsibility to the President for effective oversight of all state funds held by the campus and all funds held in a fiduciary capacity. The campus Chief Financial Officer shall be the primary campus financial officer in respect to administration of these delegations of authority.

<http://www.calstate.edu/edo/EO-1000.html>

The Integrated California State University Administrative Manual (ICSUAM) was created to respond to the need for an efficient and effective means of providing clear, concise, yet comprehensive guidance to California State University management and staff regarding business and financial affairs

<http://www.calstate.edu/icsuam/sections/1000/1301.00.shtml>

The Internal Revenue Service (IRS) Publication 525 provides guidance on how to apply reportable income when an employee receives a gift in the form of tangible personal property. <http://www.irs.gov/pub/irs-pdf/p525.pdf>

5.0 PROCEDURES

When determining whether a hospitality expense is appropriate, the approving authority must evaluate the importance of the event in terms of the costs that will be incurred, the benefits to be derived from such an expense, the availability of funds. A reception for a retirement setting is an occasion when the provision of hospitality is permitted. Therefore a Retirement Gift is deemed a bona fide business purpose and can be purchased with university resources however such purchases are restricted to the Campus TM955 fund and Campus Auxiliaries.

6.0 DEFINITIONS

Approving Authority – a person to whom authority has been delegated in writing to approve expenses for meals, light refreshments, and other amenities described within the policy.

Awards and Service Recognition – something of value given or bestowed upon an individual, group or entity in recognition of service to the university or achievement benefiting the university; e.g. financial prizes, trophies, plaques, and flowers.

Gift – something of value given or bestowed upon an individual, group, or entity with the expectation of benefit accruing to the university or for other occasions that serve a bona fide business purpose.

Hospitality – the provision of meals (catered or restaurant) or light refreshments (beverages, hors d'oeuvres, pastries, cookies), entertainment services, promotional items, gifts, awards and service recognition. Hospitality includes expenses for activities that promote the university to the public, usually with the expectation of benefits accruing directly or indirectly to the CSU.

7.0 CONTACTS

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