

## INTRODUCTION

This Program Circular (“Circular”) explains the Univest Foundation’s donor-advised program. It also describes important procedures, policies, and advantages associated with establishing and maintaining a Univest Foundation sub-account. Your sub-account (“account”) will reflect any contributions you make, the account’s share of investment returns and its grant activity.

Any and all activities of the Foundation and donor participation in the program are subject to the terms and conditions of the Foundation’s Bylaws as described in this Circular. The Board Members of the Foundation reserve the right to modify the program at any time, subject to the provisions of the Bylaws.

## THE UNIVEST FOUNDATION: A PUBLIC CHARITY AND DONOR-ADVISED FUND

**A public charity**            The Univest Foundation (the “Foundation”) is classified as a public charity\* under the Internal Revenue Code of 1986, as amended (the “Code”). Any contributions made to the Foundation are irrevocable, and subject to the limitations provided under the Code, and are immediately tax-deductible. The Univest Foundation’s donor-advised fund serves as a means to enable both individuals and corporations the freedom to make grant recommendations whenever they are ready.

Fund assets are invested and professionally managed, offering the potential for your contributions to grow resulting in greater charitable gifts.

**A donor-advised fund**    As a donor to the Univest Foundation’s donor-advised fund, you have the chance to:

- Make irrevocable charitable contributions to the Foundation in the form of cash, securities, real estate or other gifts of such value.
- Recommend grants to charitable organizations anywhere in the United States at your leisure. Grants are subject to approval by the Directors of the Foundation.
- Potentially increase charitable giving through expert investment management.
- Benefit from an immediate federal income tax deduction up to the maximum allowed by law for contributions to public charities, subject to the limitations set forth in the Code.\*\*.
- Recommend that your Foundation contribution be invested in one of the six investment options, each with a different investment objective, all managed by Univest National Bank and Trust Co. This not only reduces operating costs but also increases efficiency.

\*As described in Sections 501(c)(3), 509(a)(1) and 170(b)(1)(A)(vi) of Internal Revenue Code of 1986, as amended.

\*\*Rules and regulations regarding tax deductions for charitable giving are subject to various limitations and restrictions, and vary at the state level. Please check with your tax advisor to determine to what extent your donation to the Univest Foundation would be deductible for Federal and State tax purposes.

## ESTABLISHING A FOUNDATION ACCOUNT

<b>Eligible donors</b>	Individuals, companies, trusts and estates are all eligible to open Foundation accounts.* <sup>1</sup>
<b>To open an account</b>	<p>You may establish a Foundation account by completing a Donor Application form and providing an initial irrevocable contribution of \$2,500 or more. For corporations and other business entities, the minimum initial contribution is \$10,000.</p> <p>You can obtain an application by either visiting the Foundation in person or contact us to have one mailed to you. Once completed, they can be faxed or mailed to the Foundation. After the account is established, additional contributions may be made at any time. The minimum amount for subsequent contributions is \$1,000 for individuals and \$5,000 for business entities.</p> <p>Part of the account opening process is naming the Foundation account. It can be named in honor of yourself, a family member or friend. You should designate a successor individual to take over the account and your grant recommendation rights after your death or successor charitable organization(s) to receive the balance of your account. If you do not designate either, upon notification of your death, the Directors will redeem the remaining amounts in the account and distribute the proceeds to the Univest Philanthropy Fund.</p>
<b>Contributions</b>	Contributions may be in the form of cash, mutual fund shares, stocks, bonds and other securities, including certain private and restricted stock. Gifts such as real estate will be evaluated on a case by case basis. Cash contributions must be in U.S. dollars and delivered by check or wire transfer in the form of immediately available U.S. funds. Checks should be delivered to: Univest Foundation, 14 North Main St., P.O. Box 64197, Souderton, PA 18964. Please contact Univest Foundation at 215-721-8379 for wire transfer instructions.
<b>Making the Gift</b>	<p>The Directors of the Univest Foundation will review and approve all contributions. Any contribution that is not accepted will be promptly returned.</p> <p>Unless donor instructions deem otherwise, the Foundation will process all acceptable contributions on the same NYSE day as the instructions are received, as long as they are received 4 hours prior to market close. If instructions are not received within 4 hours of the market close, The Foundation will process contributions on the next business day. Please note that mutual funds may require an additional business day for processing.</p> <p>Please also note that the Foundation does not value private securities, real estate or other non-publicly traded assets. If you are considering making such a contribution, you must first obtain an independent appraisal.</p>

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<sup>1</sup> The tax advantage of contributions to the Foundation may vary depending on the donor. Please consult with your tax advisor as to the tax treatment of your contribution to the Univest Foundation. The Univest Foundation offers no tax advice.

## **ESTABLISHING A FOUNDATION ACCOUNT (continued)**

### **Settlement and Confirmation**

After settlement, the Foundation will establish an account managed to reflect the investment option recommended by the donor. All investment contribution recommendations will be reviewed and approved by the Directors of the Foundation.

A written confirmation acknowledging a contribution will be sent by the Foundation to the donor. For contribution in the form of publicly traded securities, confirmation will set forth the security name, share amount, sale proceeds, the fair market value (FMV) deduction for publicly traded securities.

### **Contributions are Irrevocable**

*Once a contribution has been accepted, it becomes irrevocable and is owned and held by the Foundation.*

### **Testamentary gifts and gifts from trusts**

The Foundation may be designated as the beneficiary of a cash donation or securities, including mutual fund shares and Individual Retirement Account (IRA) assets. You may also name the Foundation as the beneficiary of a charitable remainder trust, charitable lead trust or life insurance policy. For these types of gifts, you must select a beneficiary for your Foundation account. Please contact us for suggested language for gifts through bequests, charitable remainder trusts, charitable lead trusts, IRAs and life insurance. Be sure to consult your tax and legal advisor when establishing any testamentary gift or trust or beneficiary designation for the same.

## TAX DEDUCTIONS\*<sup>2</sup>

**Charitable deduction** Provided you itemize your deductions for Federal tax purposes, you should be eligible for an itemized deduction for Federal income tax purposes on the date you make your charitable contribution to the Foundation, subject to the limitations set forth in the Code and the general limitations described below. Your deduction will depend, in part, on the type of asset contributed. It is suggested that you consult your legal or tax advisor about your own personal situation. Univest Foundation offers no advice on the tax treatment of contributions. Set forth below is a summary of the amount of the Federal tax deduction available should your contribution so qualify:

*Cash:* Your deduction is for the exact amount of your cash contribution.

*Publicly traded securities:* For publicly traded securities held for more than a period of one year, your deduction is the mean of the high and low prices as reported on the date your contribution was made. For mutual fund shares held for more than a one-year period, your deduction is for the closing price on the date the contribution was made. For securities or mutual fund shares held for less than a one-year period, your deduction is limited to your cost basis or the fair market value (whichever is lower).

*Private securities, real estate and other assets not publicly traded:* For assets not publicly traded that have been held for more than a period of one year, your deduction is the fair market value as determined by you in a reasonable manner on the date the contribution is made. An appraisal is required by the IRS for any property you have claimed valued above \$5,000. Any security held for a year or less, the deduction will be for the cost basis regardless of whether your fair market value is less than the basis.

**Other deduction limitations** Generally, you are eligible for an itemized deduction for cash contributions at a maximum of 50% of your adjusted gross income (“AGI”) in the tax year your contribution is made. Deductions for contributions of most appreciated assets held for more than one year are at a maximum of 30% of AGI. Any amount exceeding this may be carried forward and deducted in the five-year period after the year of the contribution was made. Your ability to make itemized deductions, including deductions for contributions to Univest Foundation, may be subject to certain other limitations. Please contact your tax advisor to determine your limit for tax deductions.

**Estate planning** Generally, any contribution made to the Foundation and any earnings related to your contribution are not part of your taxable estate and therefore are not subject to probate. Contributions to the Foundation should not be included in your gift and estate tax unified credit calculation; however, you should consult with your tax advisor regarding your specific tax consequences.

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<sup>2</sup> This sets forth an overview of the tax treatment of a contribution to the Univest Foundation for Federal income and estate tax purposes, should your contribution qualify for such treatment. You should consult with your tax advisor regarding your specific tax treatment and any limitations on the tax benefits summarized herein. Univest Foundation offers no tax advice.

**TAX DEDUCTIONS\* (continued)**

**Tax treatment of Gift Fund income and of grants made to charitable organizations**      Income accumulated by a Foundation account is income of the Foundation, not the donor. Therefore, no charitable deduction is available for the amount of this income. Any income or loss to the Foundation will be reflected in the value of the account.

When the Foundation redeems account balances to award grants, the Foundation is granting its own assets. You will not be eligible for additional charitable deductions for these grants.

## INVESTMENT OPTIONS

### **Selection Process**

Contribution recommendations may be made as to how you would like your donated funds to be distributed among a choice of six (6) available investment options. If no investment recommendations have been made, your contributions will be allocated to the Money Market option. Each investment option will be managed in keeping with the investment objectives described below.

### **Investment Options**

*Aggressive Option* The Aggressive option offers the highest potential for return and carries the most risk within our range of investment options. The Aggressive option suits donors who do not plan to make immediate grant recommendations and can take advantage of changes in the market. Our Aggressive option is designed for donors who are very comfortable taking on investment risk in exchange for the potential of higher returns. The Aggressive option invests in a range of stock mutual funds, which include large-cap and mid-cap holdings.

*Growth Option* Univest Foundation's Growth option is designed for the moderately aggressive donor who has a fairly high tolerance for risk. The Growth option is designed for donors who do not plan to make immediate grant recommendations and want an account that has significant growth potential. The Growth option typically invests about 80% in stock mutual funds and 20% in fixed income mutual funds.

*Balanced Option* The Balanced option is designed for the donor who is comfortable taking some risk but does not seek significant exposure to stocks. The Balanced option maintains a balance between the potential for return and the reduction of risk. The Balanced option typically invests about 60% in stock mutual funds and 40% in fixed income mutual funds.

*Moderate Option* The Moderate option is designed for the moderately conservative donor who primarily seek to limit risk, but also wants to stay ahead of inflation. The Moderate option provides an investment alternative for the donor who seeks some growth, but weighs that against a desire to protect the initial donation. This option is the most appropriate for a gift to be paid out over several years. The Moderate option typically invests 40% in stock mutual funds and 60% in fixed income mutual funds.

*Conservative Option* Univest Foundation's Conservative option is designed for the cautious donor for whom the mitigation of risk outweighs the desire for growth. The Conservative option seeks to protect the original donation while earning the highest rate of income consistent with a low-risk approach. The Conservative option typically invests about 20% in stock mutual funds and 80% in fixed income mutual funds.

*Money Market Option* The Money Market option invests in money market mutual funds. These investments include high-quality and liquid money market instruments and are managed to keep their share price stable. The Money Market option is designed to earn income at current money market rates while preserving principal. The rate of income for the pool will vary from day to day, generally reflecting short-term interest rates.

*For information on our most current investment pool allocations and benchmarks, call Univest Foundation at 215-721-8379.*

## **POOL ALLOCATION PROCESS**

### **Pool Allocation**

Your Foundation contributions invested in one of the Investment options that you as the donor have requested. The donor may change the option among the investment options whenever it may be fundamental.

The amount of the Foundation account will be valued on the business day the Foundation receives the cash or proceeds from the sale of assets. The value of an account at the end of each subsequent business day is determined by the value of each mutual fund or investment in the Foundation account at the market close of the business day. Business day refers to each day that the New York Stock Exchange is open for business.

### **Cash**

The account will be credited with an amount equal in value to your cash contribution. The value will be determined as of the market close on the business day your contribution was made.

### **Securities and other assets**

The account will be credited with an amount equal in value to the net proceeds from the sale of the securities or other assets you contributed. Net proceeds are defined as gross proceeds less brokerage commissions and any other fees. Please refer to page 10 for the brokerage commission schedule.

The amount will be credited to the account at the time of settlement. The value of the contribution (but not the amount of the charitable deduction) will be decided upon on the date the Foundation receives the net proceeds from the sale of contributed securities. Therefore, it is possible that the net proceeds and the corresponding value issued to the account may differ from the charitable deduction.

The Foundation will work to quickly sell the securities and receive the most desirable sales price. If instructed or if conditions are unfavorable, the Foundation may hold the securities until the appropriate time. For non-publicly traded securities or other assets for which no readily liquid market exists, the Foundation will exercise caution in regard to the time and price of all sales in order to get the highest proceeds possible. Please note that any and all costs incurred in attempt to dispose of these assets (*e.g.*, appraisal or legal fees) will be deducted from the net proceeds of the account.

### **Allocation of income and value of account**

Profits earned by the Foundation are comprised of interest, dividends, and other investment income, including capital gains distributions from investments in mutual funds, in excess of the operating expenses of the Foundation. The value of each account will be the amount attributable to that account.

## **GRANTMAKING**

### **Grant recommendations by the donor(s)**

Donors may be entitled to recommend grants from the Foundation account to qualified charitable organizations. After you have completed and submitted a Grant Recommendation form, it will be examined by the Directors and/or Foundation staff designated by the Directors. If the recommendation is approved, the suitable amount will be redeemed from the investment option, based upon the next-determined value after the grant is approved. The proceeds will then be distributed to the organization you recommended.

If the recommendation made is not approved for some reason, you will be notified within 3-5 business days and at that time be requested to make a revised recommendation.

### **Grant recommendations by individuals other than the donor(s)**

During your lifetime, you may have the opportunity to give someone else (up to four people) the authority to recommend grants from the account. Upon approval, the other person will be able to suggest grants at any time in any amount from the account until you revoke this authority. Revocation must be in writing.

### **Grants to public charities**

Grants can only be made to public charities that have qualified as such pursuant to § 501(c)(3) of the Code.

### **Grants to private foundations**

Private foundations are not eligible to receive grants from the Foundation.

### **Grants to foreign charitable organizations**

The Foundation does not distribute grants to foreign charitable organizations. However, the Foundation may make grants to 501(c)(3) charities that fund and exercise expenditure responsibility over foreign charitable activities.

### **Other restrictions on grants**

Grants may not be used for any private benefit (such as school tuition or scholarships sent directly to individuals), dues, membership fees, benefit tickets, or goods bought at charitable auctions. Other restrictions on grants include use for lobbying, political contributions, or to support political campaign activities. Rejections will be made for any grant recommendation for improper purposes or for purposes inconsistent with the mission of the Foundation and we will take remedial action if we discover that improper grants have been made. Reprisal for this may include requiring that the grant be returned or that the donor make an additional non-deductible contribution.

### **Minimum grant amounts**

The Foundation will consider grant recommendations of \$100 or more. Disbursement to separate organizations should be in increments of \$50 or the balance of the account, whichever is less. Grants will not be made if the recommendation made exceeds the balance of an account pool. Instead, you will be asked to either make a recommendation of a different amount, from a different pool, or provide additional funds.

## **GRANTMAKING (continued)**

### **Minimum grant activity**

The Foundation will target total donations of 20% of assets to charities in a given year. It is our formal distribution policy that minimum annual grants, on an overall basis, be greater than 5% of the Fund's average net assets on a fiscal five-year rolling basis. If this requirement is not met within a year, we will ask for grant recommendations from those donors who have not had grant activity of at least 5% of the accounts' average net assets over the same five-year period. However, if recommendations are not made by these donors within 60 days, the Foundation will transfer the required amounts to the Univest Philanthropy Fund (as described below). The Directors then will make similar grants from that Fund.

Also, if a donor's account remains dormant for seven years, we will make every attempt to contact the donor and suggest that the donor recommend grants from the account. If no response is received, we will transfer the account to the Univest Philanthropy Fund.

### **Number of grants**

Unlimited grants can be made from an account in any fiscal year (July 1– June 30).

### **Univest Philanthropy Fund**

The Univest Philanthropy Fund is the Foundation's general fund. The Fund enables the Directors to make one-time development grants to 501(c)(3) organizations in specific giving sectors and locations across the communities served by Univest Corporation. Considerations for grants from the Univest Philanthropy Fund are by request and application only.

### **Timing of grant distribution**

The Foundation usually reviews grants daily and, after receiving a donor's recommendation and an approval by the Directors, will make the grant as soon as possible. We do reserve the right to restrict the processing of grants to every two weeks, if necessary. Pool amounts may fluctuate between the time of a donor's recommendation and the grant's actual distribution.

### **Grants and grant confirmations**

Grants are made bearing the name of Univest Foundation. All grant payments will be accompanied by a letter from the Foundation listing the account name, and the name and address of the donor unless you request anonymity. You will receive confirmation from the Foundation after your recommended grant is made.

**FEES AND EXPENSES**

**Please contact Univest Foundation for our current Fee Schedule.**

## SUCCESSION OPTIONS

**Naming a successor** When you open a Foundation account, you should choose a successor to take over the account and make grant recommendations after your death. You may name any individual you choose, including your spouse, child (provided he or she has reached the age of majority), other descendant, heir, or representative. If it's a joint account, succession applies only after the deaths of all donors. If one donor dies, the remaining donor(s) retain all rights to recommend grants and name successors.

The successor must provide the Directors with written notification and proof of the donor's death. If the successor is a minor, we may require that grant recommendations be made by a legal guardian. Upon assuming the rights and responsibilities of the Foundation account, the successor may designate his or her own successors.

**Recommending a charity as beneficiary** Instead of naming a successor, you may choose to recommend one or more qualifying 501(c)(3) charitable organizations as the beneficiary of the account, subject to the review and approval by the Foundation Directors. Once the Foundation is notified of your death, your designated organizations would receive the proceeds of the account.

**If no successor is named** If you do not name a successor or recommend a charitable organization as your beneficiary, upon notification of your death, the Directors will redeem the remaining units in the account and distribute the proceeds to the Uninvest Philanthropy Fund.

## RECORDKEEPING AND REPORTING

The Foundation will provide you with confirmations of all account transactions, usually within five business days. During peak contribution and grant distribution periods (generally December, January and June), it may take up to ten business days to process and send out account activity confirmations. Contribution confirmations serve as your receipts. Because these are required by the IRS, they should be kept with your tax records. Contribution confirmations will also show the fair market value of contributions of publicly traded securities. Any fair market value computation on a confirmation is a good faith estimate on the part of the Foundation. Before claiming any fair market value deduction, you should consult with your tax advisors.

The Foundation will also provide you with IRS Form 8283 showing our estimate of the fair market value of any publicly traded securities contribution. The IRS requires that Form 8283 be completed and filed with your federal income tax return for gifts of property (including securities) valued at \$500 or more.

Finally, the Foundation will provide you with any other financial reports or information required by law, as well as quarterly and year-end statements, and an annual report.

## **SERVICE PROVIDERS**

The Directors have contracted with Univest National Bank and Trust Company (“UBT”), a Univest company, to provide various administrative services to the Foundation. Under the contract, the Foundation reimburses UBT at cost for personnel, equipment and occupancy expenses. The Foundation also pays UBT a fee equal to 35/100 of 1% for its various fund-raising and administrative services, provided the overall fees, expenses, and cost reimbursements payable to Univest or to third parties cannot exceed an annualized rate of 1% of the Foundation’s assets. This 1% limitation is subject to further reductions for account assets above certain sizes as described under “Fees and Expenses.” The Foundation funds these fees and expenses by charging a fee to Foundation accounts, as described under “Fees and Expenses.”

Services are provided by various divisions or subsidiaries of Univest Corporation. The Directors have appointed Univest National Bank and Trust Company, a Univest company, to provide recordkeeping and custodial services. In addition, Univest National Bank and Trust Company has been appointed the investment manager for the Foundation. The investment manager invests the significant portion of Foundation’s assets in mutual funds, including but not limited to those funds under the advisement and management of Fidelity Investments and Federated Investors. The investment manager has the authority to invest the Foundation assets in securities and other investments. The investment manager decides upon the allocation of the Foundation’s assets among investments, reviews investment performance with the Fund Directors, and has the discretion to recommend a pool’s investments at any time subject to the final approval of the Directors.

## **OTHER INFORMATION**

- Conflict of terms** In the event of an inconsistency between the terms of this Circular and the Bylaws of the Corporation, the terms of the Bylaws will govern the rights and obligations of the Foundation, its Directors and donors.
- Limitation of liability** The Foundation will indemnify the Directors against any liability to the fullest extent allowed by law, and may purchase insurance policies on behalf of the Foundation and its Directors. The Foundation will also indemnify and hold harmless the investment manager and administrative service providers, their agents, and nominees from any claims, losses, liabilities, or expenses (including reasonable counsel fees and expenses), except those that may arise from gross negligence or willful misconduct in the performance of their duties.

For additional information about the Univest Foundation call 215.721.8379.