



THE RAMS CLUB

PRIORITY POINT SYSTEM CHANGES

Rams Club members loyally support the mission of The Rams Club – to provide educational and athletic opportunities for Carolina student-athletes.



Gifts in support of those opportunities have provided members with several benefits over the years, including seating priority for Carolina athletic events and tax deductibility for the gifts.

The Tax Cuts & Jobs Act of 2017 contains changes which can impact the deductibility of gifts made since January 1, 2018 – primarily affecting gifts that grant Rams Club members seat rights and priority at home games (note that the legislation applies to seat rights at **HOME GAMES ONLY**).

In response to the tax law changes, The Rams Club is introducing a second priority point total to be used for seating priority at **home games only** to complement its existing point system. This new point system gives members the option to continue to deduct certain types of gifts for tax purposes.



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INTRODUCING... **Two Priority Point Totals**

To provide members with maximum flexibility regarding gifts in support of Carolina Athletics, The Rams Club is introducing a second point total for **home games only** to complement the existing priority point total currently used.

LIFETIME POINTS

The existing point total with which members are familiar will now be called **LIFETIME POINTS**, and will continue to accumulate points as it always has – for years of membership and for all gifts made in support of Carolina student-athletes through The Rams Club.

LIFETIME POINTS will be used for all priority rankings *except* home seating – including parking, hospitality access, and seating for away and postseason games.

HOME POINTS

The new point total will be called **HOME POINTS**. Home Points are the same as Lifetime Points – except that a member has the *option to decline* points on certain types of gifts in order to preserve tax deductibility.

HOME POINTS will be used for all seat assignments and selections for athletic contests at home only – including Equity Seating selections for football and basketball seat assignments for endowment and annual donors.

Why is The Rams Club Making This Change?



The Rams Club's tax advisors have advised us that the new legislation affects the deductibility of not only gifts that *directly* grant rights to seats, but also any gift that gives a donor the opportunity for priority to a better seat. The Rams Club wants to provide members with an option to decline points on certain types of gifts so that they may preserve tax deductibility on those gifts.

How Your Gifts Are Affected



The new legislation says that if a taxpayer receives (directly or indirectly) a right to purchase seating at a home athletic contest, then the value of that benefit is equal to the value of your contribution – making the entire gift non-deductible. How does that impact your gifts?

The Rams Club's tax advisors have advised us that *in their professional opinion* the new legislation indicates the following:

- **Required Gifts** that directly grant donors the rights to purchase seats at home games would no longer be tax-deductible.
- **Non-Required Gifts** that give donors the chance at a better seat based on priority (i.e., gifts that earn membership points used to provide access to better seats at home games) would also be considered to grant the donor a right to purchase seating and, therefore, would also no longer be tax-deductible. **A member can now elect to decline points for these gifts and preserve tax benefits.**

What are required and non-required gifts?



For clarity on how this applies to Rams Club members, consider your gifts in support of Carolina student-athletes through The Rams Club in two categories:

REQUIRED GIFTS

Required Gifts directly grant a right to purchase seating based on Rams Club membership priority. Examples:

- Gifts of \$100 or more that grant members the right to purchase seats in Kenan Stadium (even if tickets are not purchased)
- Annual gifts required to select/maintain seats in Kenan Stadium (premium or main bowl)
- Gifts that grant the right to purchase endowment seats in the Smith Center, or annual gifts required to maintain endowment or permanent seat rights in the Smith Center
- Seat license gifts required to access premium seating in Kenan Stadium (i.e., Blue Zone) or the Smith Center (i.e., baseline seats)

Required Gifts directly grant seat rights, and therefore they are non-deductible as of January 1, 2018. Members do not have the option to decline points on Required Gifts unless they also waive all seat rights associated with that gift.

NON-REQUIRED GIFTS

Non-Required Gifts do not directly grant the rights to seats in either Kenan Stadium or the Smith Center, but give the member priority (through membership points) that could provide access to a better seat. Examples:

- Gifts to an athletics facility project
- Gifts to a new athletics scholarship endowment which do not convey seat rights
- Gifts to an existing athletics scholarship endowment that do not provide additional seat rights
- Gifts over and above a required annual minimum for the number of tickets purchased in Kenan Stadium or the Smith Center

Members have the option to preserve tax-deductibility on Non-Required Gifts if they waive seat rights and membership points for these gifts.

Considerations Moving Forward



As you analyze the impact of the new tax legislation on your giving, please consider:

- The Rams Club will continue to award points for years of membership and ALL gifts as it has for more than 40 years.
- Points will be awarded in both the **LIFETIME POINTS** total and the **HOME POINTS** total unless you notify The Rams Club in writing (i.e., letter or email) that you decline Home Points for any Non-Required Gifts.
- The Rams Club will continue to use membership points for all seating and priority assignments as in years past. The primary change is that **HOME POINTS** will be used for all seat selections and assignments for **home games only**. All other assignments will be done using **LIFETIME POINTS**.
- A member's total points as of December 31, 2017 (before the tax law change went into effect) will be maintained in both **LIFETIME POINTS** and **HOME POINTS** categories. For example, a member with 1500 points on December 31 will have 1500 Lifetime Points and 1500 Home Points.
- A member cannot decline **HOME POINTS** for any Required Gift unless they also decline any seat benefits associated with that gift. Required Gifts directly grant seat rights and are, therefore, non-deductible.
- **MEMBERS HAVE THE OPTION TO DECLINE HOME POINTS ON NON-REQUIRED GIFTS.** Points will be awarded in both point categories unless the member directly notifies The Rams Club in writing opting to decline Home Points.
- The Rams Club's tax advisors indicate that unless a member making a gift proactively declines the rights to purchase tickets and receive **HOME POINTS** in a given membership year (even if tickets are not purchased), that gift will be non-deductible. All members who do not buy home game tickets on priority must decline the seat rights and Home Points in writing to The Rams Club to preserve tax benefits. Points will be awarded in both point categories unless the member directly notifies The Rams Club in writing opting to decline the rights and all points.

What Do You Need To Do?



Unless you notify us differently, The Rams Club will continue to award both **LIFETIME POINTS** and **HOME POINTS** for all gifts as it has for nearly 40 years.

- **If you buy home tickets for football and/or basketball and make the minimum required annual gift to secure those tickets ...** You do not need to do anything proactively. Your gift is non-deductible, and you will earn points in both **LIFETIME** and **HOME POINTS** categories. Examples: a Big Ram who gives \$1200 and buys 4 football season tickets; a Smith Center permanent seat holder who gives \$3000 annually (amounts vary by member) to maintain seat rights; a Blue Zone seat license holder who pays an annual seat lease and makes an annual gift to maintain the seat rights.
- **If you buy home tickets for football and/or basketball (making the minimum required annual gift to secure those tickets) and also make a Non-Required Gift that you want to count toward your priority rank for seating at home games ...** You do not need to do anything proactively. Your Required and Non-Required Gifts are non-deductible, as you will earn points in both **LIFETIME** and **HOME POINTS** categories. Example: a Big Ram who gives \$1200 and buys 4 football season tickets, and also makes a \$25,000 gift to a facility project, scholarship endowment, or other special project.
- **If you buy home tickets for football and/or basketball (making the minimum required annual gift to secure those tickets), make a Non-Required Gift, and would like to preserve tax-deductibility on your Non-Required Gift ...** You must notify The Rams Club in writing of your desire to decline **HOME POINTS** on your Non-Required Gift in order to preserve deductibility. **LIFETIME POINTS** will be awarded automatically.
- **If you do not buy home tickets but want to earn Home Points on your gift for later use ...** You do not need to do anything proactively. Your gifts are non-deductible, and you will earn points in both **LIFETIME** and **HOME POINTS** categories.
- **If you do NOT buy home tickets and want to preserve the tax deductibility of your gift ...** You must notify The Rams Club in writing of your desire to decline the right to purchase seats associated with your giving level AND the **HOME POINTS**. **LIFETIME POINTS** will be awarded automatically.

Questions?

If you have any questions or concerns – or if you want to discuss your gifts and the deductibility of those gifts – please call The Rams Club offices at 919-843-2000 or email us at ramsclub@ramsclub.com.



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Please note that The Rams Club is not a tax advisor. You are encouraged to consult with your own tax advisors to determine how this legislation may impact the deductibility of your gifts and whether to decline Home Points. A member must also notify The Rams Club in writing if they choose to decline Home Points on any Non-Required Gifts.