



## ***Inter Vivos Transfer of Shares***

### **WHAT THE LAW SAYS**

Under the Alaska Native Claims Settlement Act Amendments of 1987, Settlement Common Stock of Native corporations can be transferred as an *inter vivos* gift from a shareholder to his or her child; grandchild; great grandchild; niece; nephew; or, if the shareholder has reached the age of eighteen, to his or her brother or sister. (An "*inter vivos* gift" is a voluntary transfer by one living person to another without payment or other consideration.)

By law, the recipient of CIRI shares transferred by an *inter vivos* gift must also be a Native or a descendant of a Native who is related to the donor (the shareholder giving the gift of stock) by blood or adoption, and not simply by marriage. "Native" and "descendant of a Native" are defined as follows:

**Native** - A citizen of the United States who is a person of one-fourth degree or more Alaska Indian (including Tsimshian Indians not enrolled in the Metlakatla Indian Community), Eskimo, or Aleut blood, or a combination thereof.

**Descendant of a Native** - A lineal descendant of a Native or of an individual who would have been a Native if such individual were alive on December 18, 1971; or an adoptee of a Native or of a descendant of a Native, whose adoption (A) occurred prior to his or her majority, and (B) is recognized at law or in equity.

### **WHAT DOES THIS MEAN?**

You **CAN** gift to:

- Your child
- Your grandchild
- Your great grandchild
- Your niece or nephew
- Your brother or sister (if you are at least 18 years old).

*NOTE: The above relationships include children legally adopted into your family, provided the adoption occurred before such children were 18 years of age and you are able to furnish the required substantiating documentation. Not included are stepchildren (and the stepchildren of your children or grandchildren), and stepbrothers and stepsisters who have not been legally adopted into your family.*

You **CANNOT** gift to:

- Your friend(s)
- Your spouse
- Your parent(s)
- Your grandparent(s)
- Your aunt(s), uncle(s) or cousin(s).



## THINGS TO CONSIDER

Giving a gift of CIRI stock is a very special way to share your Native heritage with loved ones. However, before gifting any of your shares, you must understand the consequences of your decision. Please read and carefully consider the following:

- The shares must be given as a true gift. You cannot receive anything of value in exchange for the gift of stock, nor can you be promised anything of value.
- You may gift all or just a portion of your shares to one or more recipients; however, gifts must be made in whole shares. Fractional share gifts are not allowed.
- If you own both at-large class and village class stock, you must specify to CIRI which class of stock you wish to gift and to whom.
- ***If you give all of your shares away, you will no longer be a CIRI shareholder. If you are an original shareholder and you give all of your shares away, upon reaching the age of 65, you will not be eligible to receive benefits that you might otherwise be eligible to receive from the CIRI Elders' Settlement Trust or the CIRI Elders' Benefit Program.***
- ***The transfer of shares is irrevocable.*** Once you have gifted stock, you cannot change your mind. You lose all rights to any stock that you gift, and you cannot get the stock back.
- Voting rights associated with any shares you transfer will belong to the person who receives the shares, and you will no longer be entitled to vote those shares.
- If stock restrictions are lifted in the future, the person who receives the shares will have the right to sell the stock.
- The person receiving the stock has the right to will the stock to anyone he or she may choose. Should that person die without leaving a will, his or her stock would not automatically go back to you. Rather, CIRI is required to distribute the shares to that person's heirs in accordance with the Alaska laws of intestate succession.
- Gifting your stock away will not decrease any court-ordered obligation you might have in connection with your CIRI stock. ***If your CIRI dividends are currently subject to attachment pursuant to a court decree of separation, divorce, child support or levy, you cannot gift any shares until that order is satisfied. If a valid court order of attachment is received before a gifting transfer is fully processed, by law, CIRI will not be able to complete the transfer.***
- Once the stock is transferred, dividends and distributions associated with the transferred shares will belong to the person who receives the shares, and that person will be responsible for payment of any and all taxes due in connection with those dividends and distributions.
- You and the recipient may be affected by gift or estate tax consequences. While CIRI cannot advise you on these matters, and will not be responsible for any tax liability resulting from the transfer of your shares, we have pointed out in general terms what the potential tax issues may be so you can seek advice from a lawyer or tax advisor if you believe such advice is warranted in your particular circumstances.



## GENERAL TAX INFORMATION

For your general information only, we provide the following brief discussion of some of the potential tax consequences of gifting shares. You should consult your tax advisor as to your own personal situation.

For the person who receives a gift—the donee—there is no direct tax consequence, no matter how large the gift. (That person may have to pay taxes on the income produced by the gift, such as dividends that will be paid to the donee after receipt of a gift of stock.) However, there may be direct tax consequences for the person who gives the gift—the donor. Under the federal tax rules, gifts can have both gift tax consequences and estate tax consequences. Estate taxes are imposed on the property that passes through a person's estate when that person dies. Gift taxes are tied to estate taxes so that a person cannot escape the estate tax by simply giving their property away before his or her death.

Federal tax rules require that someone who makes a gift with a value in excess of \$10,000 (measured as of the date of the gift) must file a gift tax return and report the gift at the time of filing his or her income tax return. However, the donor may not have to pay a tax on the gift, because the unified estate and gift tax credit lets you give a substantial amount without ever paying a gift tax. In 2002, this credit effectively exempts the first \$1,000,000 of property transfers by a person during life or at death. This means a taxpayer will not have to pay any gift or estate tax unless the sum of all amounts gifted by the taxpayer in excess of \$10,000 is per year per recipient (plus, upon the taxpayer's death, the amount included in the taxpayer's estate) exceeds \$1,000,000. (Remember, only the amount of a gift in excess of \$10,000 is counted for purposes of the exemption. If you give a gift worth \$14,000, you need only count \$4,000 of it.) This exemption amount is scheduled to gradually increase to \$3.5 million by 2009. In 2010, Congress plans to do away with the estate tax. Of course, there may be changes before then.

How much is a share of CIRI stock worth for purposes of the gift and estate tax? That is an extremely difficult question to answer. Because CIRI stock is currently restricted from sale, there is no market value that can be assigned to a share of the stock. The task of valuing CIRI stock would be complex and extremely expensive, and the results still subjective to dispute. For this reason, CIRI is unable to tell you how much your CIRI stock is worth, or to advise you whether a gift of any particular number of shares would exceed \$10,000. Nor can CIRI advise you regarding the amount of the gift and estate tax exemption that would be used up by any gift of CIRI stock that you may choose to make.

THE FOREGOING IS PROVIDED FOR GENERAL INFORMATION PURPOSES ONLY, AND MAY NOT APPLY TO YOUR PARTICULAR TAX SITUATION. FURTHER, YOUR TAX LIABILITY MAY BE AFFECTED BY CHANGES TO ALASKA NATIVE CLAIMS SETTLEMENT ACT OR TO APPLICABLE TAX LAWS. YOU SHOULD CONSULT WITH YOUR OWN TAX ADVISOR BEFORE UNDERTAKING GIFTING OF YOUR SHARES.



## HOW TO GIVE YOUR GIFT

This packet contains all of the necessary information and forms to start the gifting process. If you wish to initiate an *inter vivos* gift of stock, please make sure all required documents are properly completed, executed, and submitted to CIRI. ***If any documents are missing, incomplete or improperly executed, we will be unable to proceed with the transfer and your submittal will be returned to you.*** Please follow the steps below and any instructions on the accompanying forms. If you have any questions or need additional forms, please contact the CIRI Shareholder Relations Department at 907-263-5191, or toll-free at 1-800-764-2474.

**S** **STEP 1:** The [Inter Vivos Transfer of Shares Affidavit](#) must be completed by you, the “donor” of the gift of stock. The Affidavit must be signed in the presence of a notary public, and you and the notary must sign the Affidavit on the same date. Please note that you must nominate one stock custodian for each minor (someone under 18 years of age) to whom you wish to gift shares. The custodian may be the minor’s parent, legal guardian, or other responsible adult, or yourself as the donor. If your stock gift involves a minor, please proceed to Step 2A. Otherwise, go directly to Step 3A.

**S** **STEP 2A:** Anyone that you have nominated to serve as stock custodian for a minor must confirm his or her acceptance by completing the form entitled [Consent to Appointment as Custodian of an Inter Vivos Gift of Stock for a Minor Child](#). If you have designated yourself as custodian, you must complete the form. The form must be signed in the presence of a notary public, and signed by the custodian and the notary on the same date. If you are giving stock to more than one minor, separate forms must be completed for each minor. By agreeing to serve as custodian for a minor, the custodian is agreeing to comply at all times with the requirements of the Alaska Uniform Transfer to Minors Act (AUTMA). Information on AUTMA is included with the custodian consent form.

**S** **STEP 2B:** Under an Internal Revenue Service ruling, effective January 1, 1984, CIRI is required to obtain the social security number for each of its shareholders. A [Social Security Number Certification](#) form must be completed on behalf of each minor who is receiving stock. The form should be completed by the appropriate custodian and provide the minor’s social security number, not the custodian’s. If, in addition to gifting to a minor, you are also gifting to one or more adults, please proceed to Step 3A. Otherwise, go directly to Step 4.

**S** **STEP 3A:** Each adult to whom you wish to gift shares must complete the form entitled [Acceptance of the Inter Vivos Gift of Stock](#). The form must be signed in the presence of a notary public, and signed by the recipient and the notary on the same date.

**S** **STEP 3B:** Under an Internal Revenue Service ruling, effective January 1, 1984, CIRI is required to obtain the social security number for each of its shareholders. Each adult to whom you wish to gift shares must complete a [Social Security Number Certification](#) form. (If the recipient is already a CIRI shareholder, this form may not be required.)



**S** **STEP 4:** Remember, CIRI is authorized to transfer your shares to only certain relatives of yours. In order to document that the persons to whom you wish to gift shares are such relatives, you must furnish to CIRI copies of the appropriate birth certificate(s) to establish the relationship between you and the recipient(s) of the gift of stock. If you do not have a copy, contact the Vital Statistics or Social Services department in the state where the recipient was born. **In addition, if your name is now different than the name we have on file for you, or if the name of any of the stock recipients differs from the name on his or her birth certificate, you must furnish the legal document or documents to substantiate the name change.** This document may be a marriage certificate, divorce decree, adoption decree, or other legal document. Please note, upon your request, any legal documents you furnish to CIRI will be returned to you.

#### EXAMPLES OF TRANSFER SITUATIONS AND REQUIRED BIRTH CERTIFICATES

##### **Gift to a Child**

- Your child's birth certificate.

##### **Gift to a Grandchild**

- Your child's birth certificate (the birth certificate of the parent of your grandchild)
- Your grandchild's birth certificate.

##### **Gift to a Great Grandchild**

- Your child's birth certificate (the birth certificate of the parent of your grandchild)
- Your grandchild's birth certificate (the birth certificate of the parent of your great grandchild)
- Your great grandchild's birth certificate.

##### **Gift to a Niece or Nephew**

- Your birth certificate
- Your brother's or sister's birth certificate (the parent of your niece or nephew)
- Your niece's or nephew's birth certificate.

##### **Gift to a Brother or Sister**

- Your birth certificate
- Your brother's or sister's birth certificate.

**S** **STEP 5:** After completing the documents in Steps 1-4 above, please either bring them to CIRI's Anchorage office, located at **725 E. Fireweed Lane, Anchorage, Alaska**, or mail them to:

*If you mail your documents, please call us to make sure they are received. 907-263-5191 or 1-800-764-CIRI*

**CIRI Shareholder Relations Department  
PO Box 93330  
Anchorage, AK 99509-3330**

Because transfers are processed in the order in which they are received, please allow approximately four to six weeks from the date upon which CIRI receives all of the required documentation for your gifting transfer to be completed.