



28 WAYS TO GIVE

Fund Alternatives

1. **Give to the Community Trust – the Community Foundation’s most flexible fund.**

Scenario: During and after your lifetime you want your charitable giving to accomplish the most for the county’s quality of life, and you recognize that needs can change. You believe that a group of living men and women will always be better able to assess current situations than any written document from the past, no matter how perceptive.

Solution: You make a gift to the Community Trust during your lifetime or by will. Year after year the entire responsibility for selecting the most appropriate grantees rests on our dedicated Grants Committee and Board of Trustees. Grants may be made in any of the Foundation’s major areas of philanthropy: health and human services, education, environment, the arts, and civic. Such an all-purpose fund is the most flexible in responding to emerging charitable needs.

2. **Field of Interest Fund**

Scenario: You want to do some good in a particular field but you do not want to commit your money to just one organization, since time changes all things. Or you want to do some good in a particular geographic locale.

Solution: You contribute to an existing Field of Interest fund or you set up Your Fund with us as a field of interest fund, describing this field as broadly or as narrowly as you wish. Using our experienced

staff and consultants, we will regularly identify appropriate grantees. If the fund is operating during your lifetime, you will receive periodic reports on the positive impact of your philanthropy.

3. Designated Fund for One or More Organization(s)

Scenario: You have been supporting one or more favorite charities with annual gifts. You would like to have this support continue after your lifetime. You are planning a new will and you could leave each charity a substantial bequest, but the fact of your thoughtfulness might soon be forgotten, and besides, you are not sure each charity will always be around.

Solution: You set up Your Fund with us, and in your will you provide a bequest to the Fund. You ask us to send the income to your favorite charities, specifying the amounts or percentages of each. Donations are sent yearly to the named charities. If one of the organizations ceases to operate or provide the type of services that interested you, we will keep your gift fresh and vital by finding another organization with a similar focus.

Please note that you could also contribute to your designated fund during your lifetime and ask us to handle the grant-making chores on your behalf.

4. A Combination of Fund Types

Scenario: You have a number of charitable interests; your list of recipients keeps changing each year, with a few organizations always listed and the rest being different. You puzzle over how to have this pattern continued after your lifetime.

Solution: You set up Your Fund with us and fund it during your lifetime, or in your will you provide a bequest to the fund. You ask us to divide up a portion of the fund's income each year--say, a third or a half--among your continuing favorite charities. For the balance, you specify your field or fields of interest: for example, handicapped children, aid to the elderly, education or recreation. We select grantees to whom grants from your fund can make a meaningful difference.

5. Donor Advised Endowed Fund

Scenario: You would like the advantages of establishing a fund with us now, and you want to be able to recommend which charities should be supported. Or you would like to set up a fund in your will, but you want your family to continue making grant recommendations.

Solution: You set up Your Fund with us as a donor advised fund. Your contributions to the fund qualify fully for tax deductibility in the year in which each is made. You, or you and an advisory committee named by you, give us your recommendations on distributions (typically on an annual basis).

You can also set up an advised fund in your will, naming the members of your fund's advisory committee who will make recommendations on distributions from Your Fund.

In either case, we check the recommendations against the following standards: the organization must be approved by the Internal Revenue Service as a legitimate charitable agency; the purpose of the grant must be charitable; and the organization must be reviewed by our staff, either individually or from publicly available documents, and found deserving of support.

Donor advisors need to recognize that the IRS requires that the final decision about distributions from donor advised funds is in the hands of our Board of Trustees. However, we welcome advice from donors, and others, and our staff is available to assist with the identification of worthy grant recipients.

6. Donor Advised Gift Fund

Scenario: You would like to establish a fund at the Foundation, but, as a more active giver, you aren't interested in an endowed model. You see the need in the community and want to have an impact right away. Or you have a year in which a charitable contribution might be beneficial for your tax return, but you don't have time to give appropriate consideration right now to what nonprofit groups you would like to support.

Solution: You set up a fund with us as a donor advised gift fund. As with a donor advised endowed fund, donors and designated advisory committee or family members may make distribution requests from this fund. In a gift fund, however, the donors may distribute as much or as little from the fund as they wish -- including spending it down to a zero balance. The full amount of the gift into the fund is tax deductible immediately, but donors may make grant recommendations within a time line that fits into their own schedules.

As with a donor advised endowed fund, the IRS requires that the final decision about distributions from donor advised funds reside with our Board of Trustees. However, we do welcome recommendations from donors.

7. Donor Advised Impact Fund

Scenario: You would like to establish a fund with the Foundation and you would like to see the fund grow over time, but you want to donate more to your favorite organizations than is recommended for a Donor Advised Endowed Fund.

Solution: The Donor Advised Impact Fund offers a unique alternative to the previous two funds. Like an Endowed Fund, the Impact Fund is invested in The Community Foundation's investment pool allowing the principal to grow over time. You may request that up to 20% of the fund be granted each year--increasing grant amounts to organizations you wish to immediately help.

8. Supporting Organization

Scenario: You are the trustee of a private foundation and you want to make a gift to enlarge the foundation's assets. But tax law discourages such gifts by according them less deductibility than gifts to public charities.

Solution: A family may establish a supporting organization within the community foundation. A supporting organization is a separate corporation or trust that is operated in conjunction with a public charity such as a community foundation. For tax purposes, a supporting organization has the advantage of being treated as a public charity rather than as a private foundation because it is related to the

community foundation. A donor or a group of family members typically appoint a number of the board members of the supporting organization. The community foundation assists with grant-making and administrative duties and typically appoints board members as well. While supporting organizations can have separate investment policies and strategies, they can also pool their assets with the community foundation's funds to achieve investment efficiencies. Although a supporting organization is not completely independent, it provides significant administrative and financial advantages for a donor not available through a private foundation.

9. Memorial Fund

Scenario: You and your friends are saddened to hear of the death of a dear and valued friend, or a family member has passed away. Couldn't something be done to preserve his or her memory and the good that flowed from his or her life?

Solution: You set up a fund at the Community Foundation in the name of your late friend or relative. You ask other friends and corporations who knew that person to contribute to the fund. You dedicate the purpose of the fund to a field of interest important to your friend. It becomes a permanent living memorial that will be meaningful for years.

10. Award Fund

Scenario: Instead of scholarships, you would like your money used for a series of awards recognizing outstanding achievement, merit or contributions in the area of public service. Awards can be very meaningful to the recipients, especially when carefully planned and conducted.

Solution: You set up Your Fund and ask us to conduct an award program in your name with the income. If you have specific ideas about the nature of the award, you tell us. There are various options for administrative support of the program.

11. Administrative Fund

Scenario: You want to help with the ongoing work of The Community Foundation.

Solution: You can give directly to the Foundation's Administrative Endowment or establish a separate endowed fund of The Community Foundation. The Administrative Endowment is used to offset the Foundation's operating costs, thereby maximizing grants payout.

Ways to Fuel Your Fund

12. Cash

Scenario: You prefer to make your charitable gifts with cash. You write out a check and that's that. It's simple and straightforward and everybody likes it. Is there a better way?

Solution: Here's one. You establish a donor advised fund – endowed or gift -- with us and you write out a check to it whenever you can afford to. The fund grows. Some years you can afford more, some less. You get a full tax deduction for each gift in the year you make it. You request that we periodically pay out to nonprofits you recommend. The fund has great flexibility and gives you immediate and maximum tax deductibility.

13. Marketable Securities

Scenario: In this case, you have discovered that you can give more, and at less cost to you, than by giving cash. That is, with appreciated securities, stocks or bonds that are now worth more than when you bought or received them. If you were to simply sell them, you would have to pay capital gains tax. And trying to divide them among many charities is an endless nuisance.

Solution: You give the securities to Your Fund. You get the maximum allowable tax deduction for their full market value and may

be able to spread the deduction over more than one year. The charities that are supported by your gift will each receive cash. So everyone benefits.

14. Charitable Bequests

Scenario: You are making decisions on a new will. You have taken care of all the usual details, assigned sentimental possessions, and provided for relatives. You decide that you would like to help make the world a better place for your having been here. You want to make a legacy gift.

Solution: You provide that all the remaining assets go to Your Fund, significantly reducing the taxes otherwise payable by your estate. The fund continues doing good work in your name permanently, a living symbol of your caring.

15. Life Insurance

Scenario: You have been paying premiums on life insurance for years and now the protection it offered earlier is no longer needed. The policies have some value and you would like charity to benefit.

Solution: You donate the policies to The Community Foundation. You get an immediate tax deduction now, usually in an amount equal to their cash surrender value. Either your fund or a Foundation fund grows and community needs are met in your name.

16. Other Assets

Scenario: You have other kinds of assets and you wonder if they can be used to fuel your fund.

Solution: Almost any asset can be contributed to create a fund in The Community Foundation. Community foundations have been successful in creating funds with closely-held stock, real estate (including farm land), interests in limited partnerships, literature copyrights, motion pictures (including television rights), boats and other kinds of property, or any combination. People today have a wide variety of assets, and we try to be helpful in putting as many of them as possible to charitable use.

We will be glad to discuss proposed gifts with you. Those assets which cannot be readily converted or which carry unusual potential liability may not be accepted.

17. Assignment of Trust Fund Income

Scenario: You are the beneficiary of a trust. You receive income from it regularly and you pay income tax on the full amount. You are giving part of the income each year to charity but this does not reduce your tax liability very much.

Solution: You decide how much of this annual income you want to give to charity each year. You assign this portion to Your Fund. You pay no tax at all on this income and in addition you may receive a substantial deduction at the time of the assignment. Both you and the community benefit.

18. Gifts from an Estate or Trust

Scenario: You are the Executor or Trustee under a will. The will says you are to allocate a certain amount of money to charity, but either the organizations and amounts are not named or carrying out the charitable provisions is too burdensome for you as Executor or Trustee.

Solution: You set up a fund in The Community Foundation in the name of the person who died. We are capable of handling complex bequests to charity. With the approval of the court, if necessary, you arrange to have the charitable portion of the estate paid to the fund. We would then assume the burden of carrying out its charitable provisions.

19. Life Income, Fixed Amount

Scenario: You find yourself in your older years with a fairly comfortable accumulation of assets. Not extremely wealthy, but comfortable, you would like an assured income for you and your spouse for the rest of your lives. You figure out just the amount you will want each year. You want charity to benefit after both your lifetimes.

Solution: You establish a type of charitable remainder trust called an Annuity Trust, with the remainder going to Your Fund. You get a healthy tax deduction which may reduce your income taxes in more than one year. You and your spouse, and/or other beneficiaries, will receive an income for life, in the same amount each year. When either of you dies, the survivor will get the income. Your estate taxes will be reduced and the community will benefit by the remainder, which becomes a permanent charitable fund in your name.

If you prefer, you can do this in your will, providing a life income for your surviving spouse. Because of the charitable deduction, the surviving spouse may actually receive a larger income than would otherwise be the case.

20. Life Income, Variable Amount

Scenario: You are in the same situation as the last example but you are worried about inflation. A fixed income might buy less and less. You'd like a chance to have the income grow over the years.

Solution: In setting up Your Fund, you arrange for a type of charitable remainder trust called a Unitrust. You specify that you want a percentage, instead of a fixed amount, of the Fund's assets (e.g., five percent) revalued each year paid to you or your spouse or other beneficiary. If the assets fluctuate in value, your income would correspondingly fluctuate. The tax advantages are the same as with the Annuity Trust.

Again, this can be done in your will, if you prefer, for your surviving spouse.

21. Q-TIP Trust

Scenario: You wonder if there isn't an even more flexible way to provide for your spouse's future. What if your spouse might need more money than these other methods provide?

Solution: There is an alternative trust known as a qualified terminable interest property (Q-TIP) trust with a charitable remainder, which can be created during your lifetime or by will. Your spouse

must be given the right to all of the income for life, and upon his or her death the trust property can pass to Your Fund.

A significant advantage of the Q-TIP trust with a charitable remainder is that the trustee may be given the power to invade the trust's principal for the benefit of your spouse, which is not true with a charitable remainder trust. This can significantly increase the flexibility of the trust to meet unexpected family needs.

The rules governing deductibility of the Q-TIP trust with a charitable remainder for income, gift and estate tax purposes should be discussed with your tax advisor.

22. Charitable Lead Trust, or "Wait-A-While" Trust

Scenario: You are trying to plan what will happen to your sizable estate. You can take good care of your children, even though estate taxes will take a big bite out of what you leave. But what about your grandchildren? Will there be much left for them when more big tax bites are taken out of your children's estates?

Solution: You set up what is called a charitable lead trust. You donate part of your estate to the trust now, and the income goes to Your Fund for a designated period of years. Your estate taxes are reduced and the property is not taxed to your children. When your grandchildren reach maturity, the trust terminates and they receive the assets. The community benefits during all those years, and your grandchildren receive much more than they would otherwise.

Other Ways We Can Help Each Other

23. Transfer Your Foundation into Ours

Scenario: You are the trustee of a private foundation and some of the fun has gone out of the job. Washington lays down more and more rules about what you can and can't do. The government requires detailed reports, taxes part of the income, and worries you with threats

of personal liability. None of the trustees is getting any younger. Sooner or later a better arrangement has to be worked out.

Solution: You establish a fund in The Community Foundation, which can carry the name of the private foundation. You arrange to transfer all of the foundation's assets to the fund and to dissolve the foundation. Suddenly things are better. The identity and purposes of the original donor are faithfully preserved, and family members or their designees may continue to participate as fund advisors. There is no more tax to pay. The community benefits. We take care of all the paperwork demanded by the government. Investment problems are handled by our investment people. And there is the satisfaction of knowing that a permanent organization is in place to administer the fund in the future.

24. Partial Transfer of Your Foundation's Income

Scenario: Again, you are the trustee of a private foundation but not all of your fellow trustees can agree on transferring all of the foundation's assets to The Community Foundation at this time. Is there a smaller step you could take to try out the relationship while you think about it?

Solution: You set up a fund in The Community Foundation, which can carry the name of the foundation. You arrange for your foundation to direct part or all of the current year's income to this new fund. The trustees get to know our organization. This arrangement, if mutually desirable, can go on indefinitely until the trustees are ready to take full advantage of The Community Foundation's services.

25. How We Can Help Corporations

Scenario: You are an executive in a large corporation responsible in part for corporate giving. Part of the job is easy: support the standard charities, support charities in plant cities, give to projects the top officers are involved in. But what about that blizzard of appeals you get from all the other charities? Who's going to sift through all of them and make some sense out of a giving program?

Solution: You set up a fund at the Foundation, either with the name of the corporation or a simple anonymous name. You divide the

corporate giving into two parts. One part is to cover those things you know you must give to. The other part is discretionary and you transfer that to the fund you have established here. Then our staff develops, implements and executes a giving program that will give full credit to the corporation, credit for caring about the needs of the community.

26. How We Can Help Business Owners

Scenario: You are a businessperson who has built your own business to a very respectable size. On paper you are quite well-to-do. You own most or all of the stock in your corporation; earnings are good, capital gains on the stock are large. You would like to begin sharing with charitable institutions some of the wealth you have created.

Solution: You set up Your Fund with The Community Foundation. If the stock is publicly traded, you transfer a block of it to the fund. If the stock is not publicly traded, you discuss the matter in advance with us so that we can determine how the assets can be accepted and the fund becomes the vehicle for carrying out your charitable desires.

27. How We Can Help Nonprofit Organizations Manage Their Endowments

Scenario: You are on the Board of Directors of a charitable organization that needs to develop or better manage a permanent endowment.

Solution: You transfer your agency's endowment to The Community Foundation. Because the larger total value of our assets enables us to diversify our investments more readily than agencies with smaller endowments, you get an opportunity to maximize total return. Investment charges against your fund are reduced. A buffer is provided between your agency and its endowment, reducing the temptation to invade principal in a crisis. Your agency staff is relieved of the internal accounting and reporting entailed in managing the endowment. The nonprofit receives annual distributions for unrestricted use.

28. How We Can Help Nonprofit Organizations that Are Closing their Doors

Scenario: You are on the Board of Directors of a charitable organization with a problem. The service the organization offers is no longer economically viable. Costs are out-running income, and there is little prospect for relief. It would be logical to close the agency but there are still some assets, perhaps a building, perhaps some restricted funds. Your Board is still interested in that particular field of service.

Solution: You create a fund with us, which can carry the name of your organization. You apply to the courts for permission to liquidate the assets and transfer them to the fund. You specify that grants will be used only for that particular field of service. The mission of your organization is thereby continued in the years ahead, but the administration is done by The Community Foundation.