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We are saddened by the loss of one of our partners in philanthropy, **Brice Williams**. Brice died unexpectedly on March 5th. We will miss his warm smile, his helpful attitude and his love of life.

More opportunities for charitable giving: Setting every community up for retirement enhancement act - SECURE ACT

By Jane C. Paddison, Attorney at Law, Hutchinson Black & Cook, LLC



The SECURE Act was signed into law with an effective date of January 1, 2020. The retirement legislation includes policy changes that will impact retirement plans and participants in those plans in many ways. Although some of the changes are helpful for income tax planning, many are not and may result in a larger income tax burden to a participant and his/her family. To lessen the income tax burden, there are charitable giving alternatives that may help.

No More Stretch. The SECURE Act will eliminate, for many families, the ability to "stretch" the income taxation of a retirement account over the life expectancy of a beneficiary. The ability to "stretch" income tax recognition is still available to the participant and certain categories of beneficiaries, including a surviving spouse, and with limitations, a minor child. The participant and his/her spouse will still be able to stretch the recognition of income from a retirement account over his/her life expectancy as was the case before the SECURE Act. For a minor child, the child's life expectancy may be used to stretch the retirement account income but only until the child attains the age of majority, at which point the remaining account balance must be reported as taxable income over a ten-year period. For most other beneficiaries who inherit a retirement account, the account balance must be reported as taxable income over a ten-year period. When the beneficiary reports the amounts over the ten-year period, such amounts will be subject to both federal and state income taxation (maximum federal income tax bracket of 37%; and Colorado's flat rate of 4.63%).

Charitable Giving Opportunity. A gift at death of a portion or all of a retirement account to charity will avoid the income taxation of the account altogether. This would be accomplished by designating a charity or a donor advised fund as the contingent beneficiary of the retirement account if there is no surviving spouse. The charitable gift would also qualify for the charitable deduction for federal estate taxation, for individuals who have a large estate.

You may also gain the benefit of a "stretch" by providing for a charitable remainder trust under your Will. The CRT would be designated as the contingent beneficiary (after the surviving spouse) of the retirement account, and the non-spouse beneficiary would be the beneficiary of the CRT. The CRT would be established for a term of years (not to exceed 20) or for the life of the beneficiary. No income tax would be incurred when the CRT receives the proceeds from the retirement account, and the individual beneficiary would only report income as he/she receives a distribution from the CRT. At the end of the term, a charity is designated to receive the balance.

Qualified Charitable Distributions (QCDs) Individuals will continue to have the ability to make a direct gift to a charity from their IRA up to \$100,000 if he/she is at least 70 ½. The QCD counts towards the required minimum distribution amount for the year of the gift. Under the SECURE Act, there are two changes in the calculation of required minimum distributions - first, distributions are not required until the participant attains the age of 72 for those individuals who were not yet required to take distributions before the passage of the Act, and second, as long as a participant is working, he/she may continue to contribute to his/her IRA. If the participant continues to make contributions to his/her IRA after age 70 ½, then the amount of the QCD for that particular year must be reduced by the amount of such contribution.

COVID-19: What your Community Foundation is doing

Dear Friends of Community Foundation Boulder County,

On March 13, the foundation created the COVID-19 Response Fund Boulder County. Since then, a lot has happened. Before I provide you with an update, please know all of us at the foundation are thinking of you and hoping good health for all.

Our Boulder County community has stepped up. As of 3pm on March 25, we have collectively raised \$738,425, of which \$120,000 was granted on March 20 and \$423,425 is in progress/promised. Thank you to everyone who has contributed. I want to express special gratitude to Brad Feld and Amy Batchelor who made a \$100,000 matching gift to encourage early donations. The community quickly blew past the challenge, and an anonymous second donor has stepped up with another \$100,000 match challenge. Please meet her challenge by donating today and encouraging your networks to do the same.

On March 20, Community Foundation Boulder County announced the release of the first round of 14 grants totaling \$120,000 from the COVID-19 Response Fund Boulder County. These grants were given to front line organizations serving county residents who are most at risk of the virus , and living in poverty or belonging to an historically underserved population. The grants, which have been awarded to the organizations below, focus on general operating support or restricted funding to be used to meet the needs of undocumented individuals and their families.

Boulder Food Rescue
Boulder Shelter for the Homeless
Bridge House
Coal Creek Meals on Wheels
Community Food Share
Cultivate
EFAA
HOPE
Longmont Meals on Wheels
Lyons Emergency Assistance Fund/ via Lyons Community Foundation
Meals on Wheels Boulder
Nederland Area Seniors, Inc.
Our Center
Sister Carmen

We have done our best to collaborate and coordinate with our partners so that we can ensure we are strategically investing to support Boulder County residents at the crossroads of most at risk and most in need. Since we announced the fund, we've been in touch daily with other funders around the state and county, and foundation staff and a committee of community advisors jointly developed the above list of grants.

We have a long way to go before our community clears this rapidly evolving crisis. As the **COVID-19 Response Fund Boulder County** grows, we will continue to make grants to organizations serving the most vulnerable. Please note that given the dynamic nature of this crisis, the list of recipient organizations and funding strategy may change over time based on changing community needs and available funding.

Donor advised fundholders at the foundation can make grants using by their [DonorCentral portal](#) or contacting PhilanthropicServices@commfound.org (303.442.0436 x103). The foundation is also able to work with you and your clients to accept stock and hard-to-value assets.

In addition to grantmaking, the foundation will share informative and inspiring stories and foster community connection during this time of "social distancing" and heightened stress. Please stay tuned to our [blog, emails, and social media](#) in the coming days to learn more.

Remember to visit the foundation's [COVID-19 Information page](#), which we are updating regularly. Here you can learn about volunteer and giving opportunities, as well as local resources.

While our staff moved to remote operations on March 17, we remain committed to serving you and all our neighbors in Boulder County. You can [reach all of us by email and phone](#). We will continue to provide regular updates on this dynamic situation.

Yours in community,
Jeff Hirota, CEO

Watch out for compliance pitfalls as clients favor gifts of hard-to-value assets

If volatile market conditions persist, gifts of hard-to-value assets may become popular substitutes for appreciated stock gifts. That's why we're keeping a close eye on the IRS's scrutiny of Form 8283, "Noncash Charitable Contributions," especially now that the final regulations governing substantiation and reporting have taken effect.

It is critical to pay attention to the details when your clients have made gifts of hard-to-value assets. In [Chad Loube et ux. v. Commissioner; No. 5092-17; T.C. Memo. 2020-3](#), the taxpayers failed to provide the required components of the "appraisal summary" and instead attached a full appraisal to the Form 8283 to substantiate the value of their charitable contribution.

According to the Tax Court, attaching a full appraisal did not constitute substantial compliance. "While it may have been possible for the Commissioner to glean sufficient information from the purchase price and tax information listed in the appraisal," stated the Memorandum Opinion, "that does nothing to change the fact that Congress specifically passed [the] heightened substantiation requirements so that the Commissioner could efficiently flag properties for overvaluation from the face of appraisal summaries. In so doing, Congress wanted precisely to prevent the Commissioner from having to sleuth through the footnotes of millions of returns."

In other words, the IRS won't do your work for you.

Your Community Foundation Boulder County has lots of experience accepting hard-to-value assets. Please contact us: PhilanthropicServices@commfound.org or 303.442.0436.



Opportunities for Local Advisors & Announcements

Donor-Advised Funds For Advisors

Experience our philanthropic expertise, personal attention, and local knowledge just like your clients do.

We're offer funds to professional advisors. You can open a fund with a gift of \$2,500.

Contact a member of our Philanthropic Services team today! 303.442.0436

[Email Philanthropic Services](#)

Community Foundation CEO Search

Our CEO, Jeff Hirota, will retire in June. The foundation is currently searching for our next CEO. Please share this opportunity with people you think might be interested.

Click below to see the job posting.

[Job](#)

Community Foundation Financial Advisor Program

You know your clients. We know philanthropy. **Together, we accomplish more than we do alone, making informed and inspired investments that benefit our community.**

Your Community Foundation's Financial Advisor Program brings together advisors, their clients, and the foundation's responsive and personalized philanthropic advising and services to ensure a great client experience. Your participation creates a distinct advantage: you can manage your clients' assets and meet your clients' tax and charitable goals (the minimum to open a Donor-Advised Fund and manage that fund for your client is \$25K).

To learn more visit [our website](#) or contact a member of our Philanthropic Services team.

Close scrutiny of 501(c)(3) political activities in an election year



An election year frequently inspires clients' passion for social issues, making philanthropy an especially important topic for your conversations. You may also experience an uptick in questions about giving vehicles such as donor-advised funds and foundations.

It's critical to stay current on the IRS's interpretation of the statutes and regulations prohibiting charitable organizations from engaging in certain types of political activity.

For example, in early 2020, the IRS issued [Private Letter Ruling 202005020](#) ruling that a

for-profit subsidiary's political activities would be attributed to its nonprofit parent and therefore constitute impermissible political campaign participation. In addition, a shared services agreement between the two entities constituted operation for private interests, thereby flying in the face of Section 501(c)(3).

If you'd like to go deeper into the connection between charitable giving and politics, GuideStar offers insight into how the [2016 presidential election impacted charitable giving](#).

Charitable planning is a must before the sale of a business

A new decade frequently inspires closely-held business owners to start thinking about an exit strategy. Before your business-owner client starts putting out feelers to potential acquirers, be sure to counsel your client about the benefits of contributing an ownership interest to a charitable organization, especially to a flexible donor-advised fund at the community foundation.

No doubt your client has substantial unrealized capital gains that have accrued in the business over the years. Upon a sale, capital gains tax will be triggered on the proceeds of the client's asset. No capital gains tax will apply, however, to any portion of the business owned by a charitable organization. The charity will net 100 cents on the dollar for the portion it owns. So, in the case of an interest in the business owned by a donor-advised fund at the community foundation, the proceeds of the sale will create an immediate "charitable giving account" for the business owner to enjoy by recommending grants from the proceeds to favorite charities, in whatever amounts and according to whatever schedule the business owner desires.

Be careful, though, that you counsel your clients about securing a proper [valuation](#) for charitable deduction purposes at the time the business interest is contributed to the charity. In addition, it is critical that no deal is on the table at the time of the contribution. Don't get caught in the [step transaction trap](#) that is a risk in any pre-sale gift to charity of real estate, closely-held stock, and other alternative assets.

Planned Gifts At Your Community Foundation



Corporate philanthropists get relief from SALT cap on charitable donations

Businesses frequently make cash donations to charitable organizations. But what happens to the deductibility of those donations under the state and local tax limitations imposed by the 2017 tax law? This issue continues to be the subject of discussion, but your business clients should be encouraged by the [IRS's commentary](#). The IRS has taken the position that a business taxpayer can usually deduct payments to a charitable entity by treating them as Section 162 ordinary and necessary business expenses. Indeed, reducing the impact of state and local taxes itself constitutes a business purpose.

The continuing relevance of this topic is a reminder that [philanthropy](#) remains a priority in advising your corporate clients.



Meet Your Community Foundation Team

We're pleased to work with professional advisors around Boulder County to ensure your clients receive stellar service and a personalized approach to actualizing their philanthropic goals and related tax savings. With our practice of working in partnership, knowledge of local issues and the philanthropic landscape, and commitment to impact, we're your best resource for donor-advised funds and planned giving. Please contact us to learn how we can assist you and your clients now and into next year.

Members of our Philanthropic Services Team:

- **Lynda Ricketson, Vice President of Philanthropic Services**
- **Peggy Driscoll, Major Gifts Officer**
- **Brooke Kahl, Philanthropic Services & Communications Associate**
- **Caroline Landry, Major Gifts Officer**
- **Matt Zwiebel, Director, Pledge 1% Colorado**

PhilanthropicServices@commfound.org | 303.442.0436 | commfound.org/advisors

Donating to *your* Community Foundation
makes a local impact you can see.
Get inspired. Donate here.



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