



COMMUNITY FOUNDATION BOULDER COUNTY

INSPIRING IDEAS. IGNITING ACTION.®

Dear Professional Advisors,

We are so grateful for all your referrals during 2020. Please continue to consider us your partner in philanthropy.

Although 2020 presented us all with many challenges, there were also positives - we saw incredible support from our community and the tax environment enhanced that generosity.

This month we are featuring a blog regarding donor-advised funds and, in particular, the benefit of partnering with your Community Foundation. Additionally, there is information summarizing the 2021 tax provisions that can help bolster charitable giving, guidance on structuring retirement plans and life insurance, and strategies to make smart gifts of real estate.

We hope the start of 2021 is going well for you. Thank you for your partnership and confidence.

Warmly,
Lynda



Donor-Advised Funds: The community foundation advantage

Some Washington lawmakers have proposed changing U.S. tax laws to require Donor-Advised Funds (DAFs) to grant at least 10% of their corpus annually, according to the Council on Foundations. This would not impact most fundholders at Community Foundation Boulder County, where payout rates already average closer to 20%.

"Donor-Advised Funds allow donors to make a charitable contribution, receive an immediate tax benefit, and then recommend grants from the fund over time," says [Lynda Ricketson](#), Vice President of Philanthropic Services.



But all DAFs are not created equal. There are notable differences between establishing a [Donor-Advised Fund](#) at Community Foundation Boulder County or with a commercial provider.

"Donors who establish a DAF at the Community Foundation realize the same practical, financial, and tax benefits as those who work with Schwab, Fidelity Charitable, or other providers," explains Lynda. "You can contribute cash or appreciated non-cash assets and securities to eliminate possible capital gains taxes, you can give whenever it's convenient for you, and you can manage your giving online...all with the oversight of your own professional advisor if you wish."

Additionally, community foundations are more experienced in managing DAFs than commercial foundations. "Community Foundations were made for times like these, and DAF fees we earn help fund everything from [our coordinated COVID response to fire relief](#)," says Lynda. "Plus, we're able to provide a far more personalized approach to help donors achieve their charitable goals."

It's 2021. Now what?



A wild ride in 2020 ended with the extension of **tax provisions** to encourage charitable giving in the midst of ongoing pandemic-related **challenges** facing nonprofits. Now, in 2021, with the possibility of another stimulus package in the mix, your clients may be hearing about potential **tax reform** under the Biden administration as well as dialogue on both sides of the debate over whether to restrict the benefits of certain types of giving to foundations and donor-advised funds.

Help your clients break through the noise by reviewing the many ways they can achieve their charitable giving goals regardless of what happens with tax policy and legislation. This month, we'll cover two tried-and-true techniques: retirement plan and life insurance bequests and gifts of real estate. As always, we are here to help with those conversations.

Back to basics: Retirement plans and life insurance can fuel meaningful bequests

Your client's fund at the Community Foundation can be an ideal recipient of estate gifts through a will, trust, or a beneficiary designation on a qualified retirement plan or life insurance policy.

Bequests of qualified retirement plans can be extremely tax efficient. This is because charitable organizations such as the Community Foundation are tax-exempt. This means the funds flowing directly to a client's fund at the Foundation from a retirement plan after the client's death will not be reduced by income tax. This also means the assets will not be subject to estate tax.

Don't overlook life insurance either. Not only is your client able to designate a fund at the Foundation as the beneficiary of a life insurance policy, but your client also may elect to transfer actual ownership of certain types of policies. For example, when your client makes an irrevocable assignment of a whole life policy to the client's fund at the Foundation, a tax-deductible gift of the cash value of the policy occurs at the time of the transfer. A gift like this can ease a client's income tax burden, especially if the Foundation continues to own the policy and the client makes annual tax-deductible gifts to cover the premiums.

We make it easy for you to draft bequest terms in legal documents, including beneficiary designations of retirement plans and life insurance policies. Please contact **our team** for the exact language that will ensure alignment with your client's intentions.

Keep in mind that even after a client has executed estate planning documents or beneficiary designations, in many cases the client can update the terms of the fund at the Community Foundation designated to receive the bequest upon the client's death. Clients love the ease and flexibility and certainly will appreciate your bringing this technique to their attention.



Red hot real estate: Structure smart gifts to charity without getting burned



The housing market is **showing no signs** of slowing down in 2021. For certain clients, this presents a strong opportunity for charitable gifts of real estate, whether a primary residence, second home, rental property, or even niche commercial property that's benefited from a multi-faceted pandemic marketplace.

As is the case with gifts of other long-term capital gains assets, gifts of real estate to a charity can be extremely tax-efficient. Whether your client is giving a second home, rental property, or commercial

property to a fund at the Community Foundation Boulder County, the client may be eligible for a charitable tax deduction of the fair market value of the property. Because the Foundation is a public charity, when the property is sold, the full amount of the proceeds will remain in the fund--not subject to income tax.

Gifts of real estate to charity shouldn't be undertaken lightly, though; certain pitfalls and missteps can have a devastating tax impact. If your client is considering a gift of real estate to charity, consider working closely with our team to ensure that the transaction is properly structured.

Our team can help you navigate the rules for gifts of real estate such as how to determine valuation, dealing with debt on the property, how to substantiate value and properly report the transaction on Form 8283, when and to what extent minority interest discounts may apply, how to avoid a "step transaction" due to a prearranged sale, and determining whether unrelated business taxable income (UBTI) will be a problem.

Finally, if your client would like the gift of real estate to benefit one or more favorite nonprofit organizations, the Community Foundation can help facilitate a transfer into a DAF, from which your client can recommend grants to the charity or charities after the property sale is complete.

In case you missed it...



Community Foundation awards \$410K in fire relief grants

Community Foundation Boulder County has awarded \$410K in grants from the 2020 Fires Relief Fund for direct assistance, mental health vouchers, and nonprofit organizations and fire protection districts impacted by the Cal-Wood and Lefthand Canyon...

[Read more](#)
www.commfound.org



Five companies generate \$750K for philanthropy through...

We celebrate the tenacity of our Colorado startup community after a tumultuous year. We're pleased to share that five of our member companies were acquired during 2020, totaling more than \$750K in philanthropic capital created during a year where ...

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www.commfound.org



Year in review

You saw the needs in 2020, and you and your neighbors stepped up to meet them. We at Community Foundation Boulder County want to express our deep thanks to our grantees, donors, and everyone who did what they could to make a difference. Your ...

[Read more](#)
www.commfound.org

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, Philanthropic Services Officer](#)
- [Brooke Kahl, Philanthropic Services Associate](#)
- [Caroline Landry, Philanthropic Services Officer](#)
- [Matt Zwiebel, Director, Pledge 1% Colorado](#)

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Statement of Affirmation

Community Foundation Boulder County is committed to being a *community catalyst* for good, alongside donors and partners like you. We believe our community is stronger when all people - women and men, children, older adults, immigrants, people of color, GLBTQ individuals, those with varying abilities and from all faiths - are respected, welcomed, and invited to share their assets and contributions in community building.

We stand with others, in Boulder County and beyond, who courageously strive to build more inclusive communities rather than walls of division. We remain wholeheartedly committed to social justice for our most marginalized and vulnerable people and for the care of threatened environments. We believe in the power of art and music to improve our lives and community. Now, more than ever, we seek opportunities for local action and invite you to join us in our **ongoing leadership work** that includes grantmaking, outreach, and advocacy. We accomplish more together than we do alone.

Donating to your Community Foundation makes a local impact. Get inspired. Donate here.