



**Charitable Planning in Partnership  
with the Community Foundation for the  
Fox Valley Region**

# Introductions - Staff



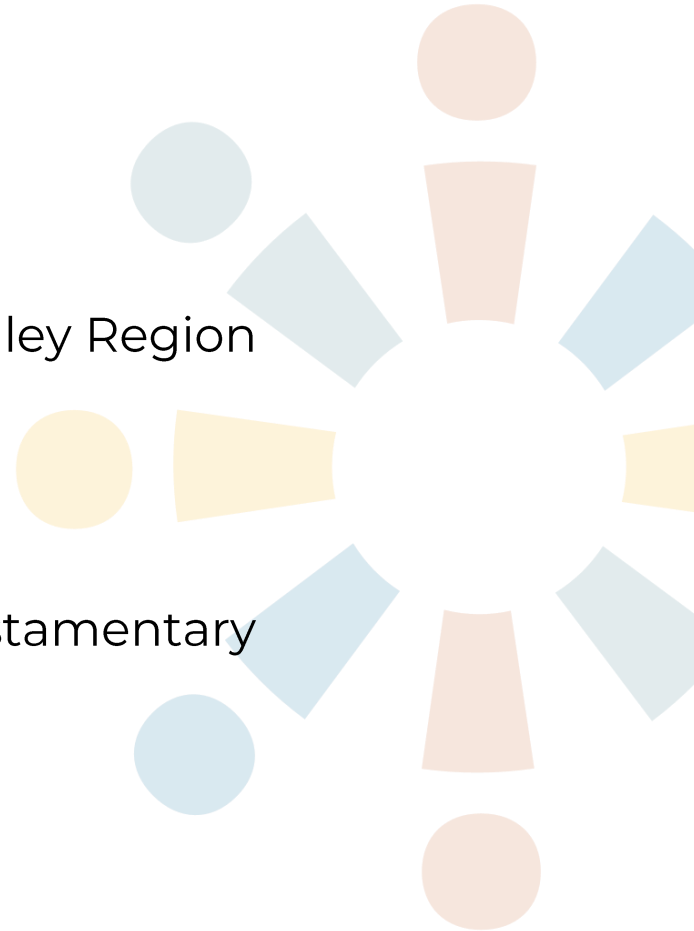
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# Agenda

- ✓ The Community Foundation Model
- ✓ The Community Foundation for the Fox Valley Region
- ✓ Current Charitable Giving Environment
- ✓ Legislative Impact on Charitable Giving
- ✓ Charitable Giving Trends – Lifetime and Testamentary
  - ✓ Donor Advised Fund Focus
- ✓ How To Partner and Questions



# What is a community foundation?

A community foundation is an independent, tax-exempt organization supported by local donors dedicated to strengthening a specific community or region.

# Community Foundation for the Fox Valley Region



A certified public charity established in 1986.



Inclusive Partners, Educators, Community Problem Solvers and Impact Makers.



A permanent bridge between donors and communities by preserving legacies of giving.



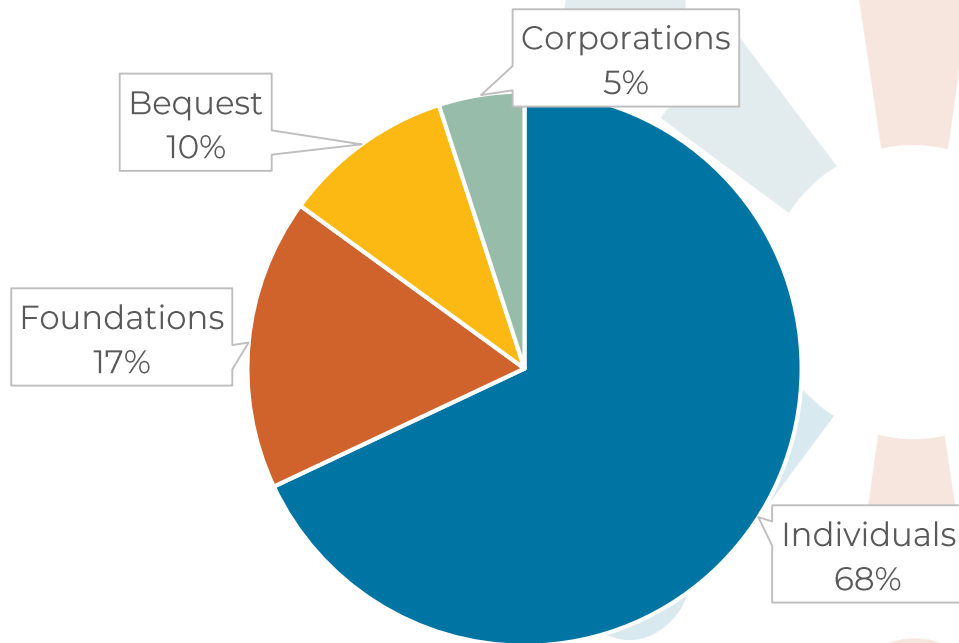
Our **mission** is to strengthen our community for current and future generations by helping people make a difference in the lives of others.

# Current Charitable Giving Environment

In 2019, Americans gave away \$449.64 billion to charity, **increasing 4.2%** (in current dollars) and 2.4% when adjusted for inflation from 2018.

**Where did the generosity come from?**

Majority of giving is from **individuals**



■ Individuals ■ Foundations ■ Bequest ■ Corporations

# How Donors Have Responded to COVID-19

- National response to COVID-19
- Local donor response to COVID-19:
  - *COVID-19 Community Response Fund*
  - Foundation Fund Activity
- More calls than normal regarding estate and gift planning.



# Legislative Impacts on Charitable Giving

## Consolidated Appropriations Act 2021

- Non-itemizers can claim a deduction of up to \$300 for cash contributions directly to qualified nonprofits and \$600 for married couples filing jointly.
- Itemizers can deduct 100% of their AGI for cash gifts to qualified nonprofits.
- Contributions to donor advised funds, private foundations and supporting organizations do not qualify.

## 2020 CARES Act

- Increase in charitable deduction limit.
- Above-the-line charitable deduction.
- IRA RMDs suspended in 2020.

## 2020 SECURE Act

- IRA gifts are still available for those age 70 ½ or older.
- Stretch IRA elimination.

## 2017 Tax Cuts and Jobs Act

- Standard deduction increased.
- Bundling charitable giving.

# Charitable Trends

## Trends in Lifetime Giving

- Donor Advised Funds
- Qualified Charitable Distributions from an IRA
- Bunching of Deductions
- Appreciated Securities

## Trends in Planned Giving

- Bequests
- Retirement Plan / Insurance Policy Beneficiary Designations
- Split-Interest Gifts

# Donor Advised Funds

One of the easiest and most popular ways to give to charity.

## How does a Donor Advised Fund work?



### GIVE

Give cash, stock, real estate or other assets and receive an immediate tax deduction

### GROW

Charitable dollars are invested and may grow tax free

### GRANT

Your client recommends grants to their favorite causes at their convenience and watch the nonprofits benefit from gifts

# Benefits of Donor Advised Funds



Ease and simplicity in managing giving



Educate and engage future generation



Create a legacy – alternative to private foundation



Immediate tax benefits



Opportunity to give in perpetuity



Anonymity or Recognition



Partner with a knowledgeable resource



Contribute most tax-advantaged assets



Minimal expense

FEATURES	DONOR ADVISED FUND	PRIVATE FOUNDATION
Start-Up Considerations	Simple Fund Agreement; can be set up immediately.	Incorporate as a nonprofit or create trust and apply to IRS for tax-exempt status. Costs consists of legal fees.
Personalized Services	Expert staff assigned to support your philanthropic goals, help define strategy, engage extended family, assess the effectiveness of grantees and more.	Board must arrange and support all grantmaking.
Investments	Donor selects from Endowment or Non-Endowed pools to invest in; CF selects investment managers.	Donor appoints board or trustees who control investments.
Grantmaking	Donor recommends grants to qualified nonprofit organizations.	Donor appoints board who control grantmaking and must ensure grant recipients are qualified nonprofits.
Tax Deduction Limits for Cash Gifts	60% of adjusted gross income	30% of adjusted gross income
Tax Deductions Limits for Gifts of Stock or Real Property	30% of adjusted gross income	20% of adjusted gross income
Distribution Requirements	None	5 percent of assets annually
Tax Status	Public charity as a fund under CF's public charity status.	Private charity as a separate 501(c)(3) organization under Section 509(a).
Taxes & Administrative Requirements	None; fund is part of CF.	Must independently perform financial and administrative services or hire staff; annual tax return and reporting required. Excise tax of up to 2 percent of net investment earnings, other taxes may apply.
Generational Transfer	Donor may name successor advisor(s) to the fund.	Can continue for future generations
Privacy	Names of donors can be confidential and grants can be made anonymously.	Must file detailed public tax returns on grants, investment fees, staff, salaries, etc. Identity of major donors are also required.

## Comparing Charitable Options: DAF vs. Private Foundation

- A donor advised fund as an alternative to a private foundation.
- A donor advised fund as a companion to private foundation.
- Convert a private foundation into a donor advised fund.

# Qualified Charitable Distribution from IRA



Individuals 70 ½ or older.

\$100,000 limit per year, per spouse.

Funds must transfer directly from plan administrator to qualified charity.

Donor advised funds, supporting organizations and private foundations are excluded.

# Other Community Foundation Fund Options for a QCD



## Designated

Provides support to one or more charitable organizations that donor identifies when the fund is created.



## Field of Interest

Provides support to organizations addressing a favorite cause (such as the arts) or geographic region.



## Scholarship

Provides educational assistance to students demonstrating the qualities or achievements the donor values.

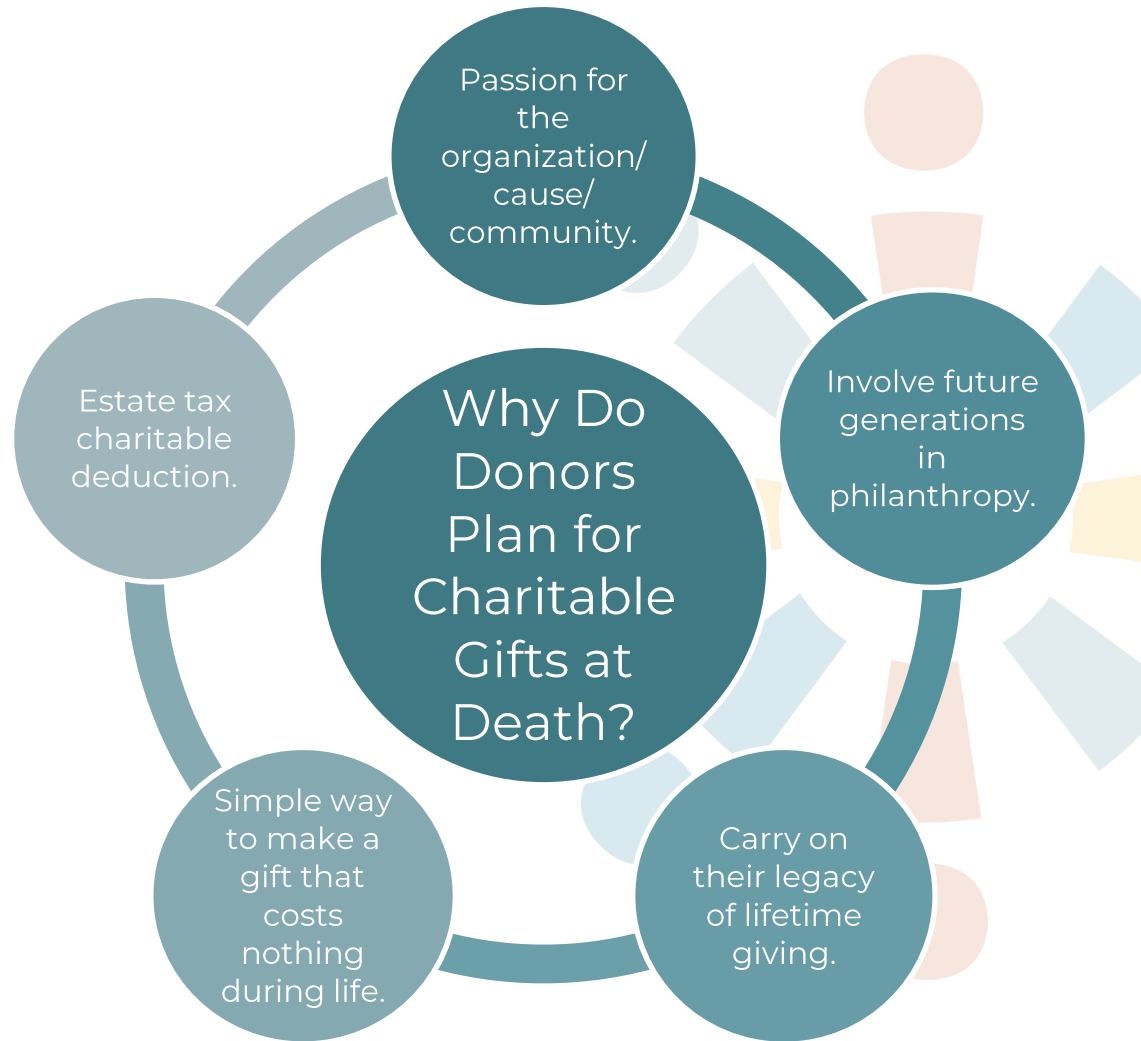


## Unrestricted (Bright Idea Fund)

Provides support to ever-changing community needs within the Fox Valley Region.

# Building a Charitable Legacy

- Bequests
- Retirement Plan / Insurance Policy Beneficiary
- Split-interest Gifts





# Designating Charity in Estate Documents or Beneficiary Designations

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Encourage clients to notify charity to ensure planned gift will truly benefit organization.

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Planned gifts can come into both a current fund or a testamentary fund at the Foundation.



*Together, we flourish.*

# Community Foundation™

for the Fox Valley Region

**Your  
Philanthropic  
Partner**

together, we help  
to shape our  
community and,  
together, we  
flourish.

### Michelle Lippart Hardwick - Biography

Michelle Lippart Hardwick joined the Community Foundation for the Fox Valley Region in 2017 as the Director of Gift Planning. In her role, she serves as a resource to donors, professional advisors and their clients assisting them in fulfilling their charitable goals, and oversees the strategic gift planning and development efforts of the Community Foundation. Michelle works with new donors to develop and document charitable intentions, as well as legacy donors who have made plans or are considering plans for the Foundation to leave a mark in our community and world. She is a member of the Fox Valley Estate Planning Council. Prior to joining the Community Foundation, Michelle spent six years in advancing higher education at Ripon College. She holds a bachelor's degree in Speech Communication from the University of Wisconsin Oshkosh and a master's degree in Organizational Leadership from Marion University.

### Annamarie Engelhard - Biography

Ann joined Community Foundation for the Fox Valley Region in 2013 and became Vice President of Donor Services and Gift Planning in 2017. She leads the Community Foundation's strategic goals of growing philanthropy through donor development, expansion of services with administrative and granting support, and educational opportunities to stakeholders. Increasing granting and growth of existing funds within, Ann is instrumental to both operation and grant support for private foundations and committee-guided donor-advised funds, helping donors enact change with strategic support to organizations. She joined the Community Foundation after spending nearly a decade advancing strategic initiatives for major gifts, annual appeals, cultivation of events and defining stewardship at a Catholic school system. She received her bachelor's degree in Psychology from Bradley University and is certified as a 21/64 Family Philanthropy Trainer.