



COMMUNITY FOUNDATION

• OF GREENVILLE •

Partnerships for a Better Community. Help Build Tomorrow.

For over 50 years, our mission has been to improve the quality of life in Greenville County through the power of philanthropy. We do that by increasing charitable giving, connecting donors to community needs they care about and providing leadership on critical community issues.

The Community Foundation provides reliable and technical information on planned giving to Professional Advisors and their clients. Some of the best opportunities to make charitable contributions occur when clients are making other major business, personal and financial decisions. The best time to consider planned giving options with clients may be when a will is written or revised, a business or other major asset is to be sold, retirement plans are made, or a substantial financial gift is received.

We're here to answer your questions on charitable giving and to help your clients accomplish their charitable goals.

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Unrestricted Funds: *Proactive and Responsive*

Unrestricted funds are not specifically designated for use by a particular agency, cause or area of interest. Unrestricted funds give the Community Foundation the ability to respond to pressing and often changing charitable needs in the community. The Board of the Community Foundation oversees the use of these funds and determines how grants will be distributed. This includes both an endowed fund and a non-endowed fund.

Donor-Advised Funds: *Involved Annual Giving*

Donor-advised funds are established by individuals, families and companies who wish to actively participate in the grant-making process. Donors recommend charitable projects and organizations they want to support. It is easy to give to multiple nonprofit organizations through a donor-advised fund. This is a non-endowed fund.

Designated Funds: *Ongoing Support*

Donors who wish to support a specific agency or cause can establish a designated fund. If the original charity ceases to exist, becomes obsolete or is unable to perform its charitable purposes, the Community

Foundation Board is able to redirect the funds to an organization providing similar services without expensive legal action. This is usually an endowed fund. Some donors allow charities to request distributions of principal and income.

Field of Interest Funds: *Target Specific Issues*

The donor decides the general purpose of the fund, such as education, arts, health, or specific geographic areas and the Community Foundation identifies projects and nonprofit organizations that are effectively accomplishing that goal. At the donor's request, use of the funds is restricted to a specific area of interest, but flexibility remains to adjust for changing situations. This is an endowed fund.

Scholarship Funds: *Educational Support for Students*

Scholarship funds can be structured to benefit students at any education level or for a specific institution. Some donors choose to stay involved through advisory relationships while others name advisory committees to assist in the selection of recipients. The Community Foundation staff will handle the necessary paperwork and ensure that the scholarships are distributed in an equitable manner. This is an endowed fund.

Ways to Give Now

Cash

A check is an easy and convenient way to support worthy causes through the Community Foundation. Donors may claim a tax deduction of up to 50% of adjusted gross income in any one year when deductions are itemized, with any excess carried forward for an additional five years.

Securities

Appreciated securities donated to the Community Foundation are deductible at their full market value up to 30% of adjusted gross income each year when deductions are itemized. Any excess may be carried forward five additional years. The Community Foundation will liquidate the securities and no capital gains tax is paid on the appreciated part of the gift. Securities that can be accepted include publicly traded stocks and bonds, closely-held stock, restricted stock, partnership interests (including family limited partnerships), and mutual funds.

Real Estate

The Community Foundation can accept personal residences, farms, commercial buildings, and undeveloped land. Property owned for more than a year will qualify for a deduction based on the fair market value of the property and avoid payment of capital gains tax. The deduction is limited for real property that is subject to a mortgage or loan.

Ways to Give Later

Bequests

Bequests are one of the easiest ways to give to the Community Foundation because clients retain complete control over the assets during their lifetime. Bequests can be a specific dollar amount, a percentage of the estate, or the residual that remains after all other bequests are made. Bequests may be made as an unrestricted gift to the Community Foundation to be used as directed by the Board. Bequests may also be made to an existing fund or to a new fund to be established by the gift in the client's name. Bequests to the Community Foundation are excluded from assets for estate tax purposes.

Charitable Remainder Trusts (CRT)

A charitable remainder trust pays the client or a beneficiary designated by the client to receive regular income payments for life or a specified trust term (up to 20 years) and whatever remains will be transferred to the Community Foundation. The client receives an immediate charitable tax deduction for the present value of the gift in the year the gift is made. The CRT can be structured to pay fixed income or income that varies with the value of the trust. A CRT is useful for securities and real estate that have appreciated in value but earn little income since the assets in the trust can be sold and reinvested without incurring capital gains tax. The remainder of the trust paid to the Community Foundation may be specified as an unrestricted gift or used to establish a new fund in the client's name.

Charitable Lead Trusts (CLT)

A charitable lead trust pays annual payments for the client's life or for a specified number of years to a fund established at the Community Foundation. The annual payments may be fixed or may be variable based on the value of the trust. When the trust terminates, the trust principal is distributed to family or others designated by the client as the beneficiary. A CLT can be established during life or through a will. A Charitable Lead Trust shelters investment earnings from tax and offers gift, estate, and generation-skipping tax benefits. For example, trust assets are removed from the client's estate for estate tax purposes.

Life Insurance Policy

Life insurance provides a simple way to provide a significant gift to charity. The client can make the Community Foundation the owner and irrevocable beneficiary of a life insurance policy. This can either be a paid up policy or one for which the client continues to pay premiums. The client receives a tax deduction for the approximate cost or fair market value, whichever is less. If the policy is paid up, the client may receive an immediate tax deduction. If not, continuing tax deductions on premium payments can be claimed for premium payments made through gifts to the Community Foundation. Insurance proceeds can be specified as an unrestricted gift or to a special fund established at the Community Foundation. Clients can also make a gift to the Community Foundation and replace it for their heirs with life insurance through ownership of the policy by the heirs or through an irrevocable life insurance trust.

Retained Life Estate

Clients may deed their homes or property to the Community Foundation and retain the right to live there for the rest of their lives. The gift of the remainder interest is a charitable contribution in the year the gift arrangement is made and may result in a substantial income tax charitable deduction. When the life estate ends, the real estate is sold and the proceeds are used as specified by the donor as an unrestricted gift to the Community Foundation or to establish a special fund in the client's name. This type gift removes the property from the client's estate which may realize estate tax savings and avoids probate and estate administration expenses.

Individual Retirement Accounts & Retirement Plans

Clients may designate the Community Foundation as the beneficiary of IRAs and retirement plans. These assets are some of the best to leave to charity because there is no estate tax or income tax due as the gift will qualify for a charitable deduction. These same assets includable in the client's estate or left to heirs may be taxed at a cumulative rate of over 65%. The only document required to make this change is a beneficiary form which is available from the trustee, custodian or plan administrator. The client retains access to all the funds during their lifetime. The client may specify the gift as unrestricted or to establish a special fund in the client's name at the Community Foundation.