



THE FOUNDATION
FOR ENHANCING
COMMUNITIES

FINANCIAL PLANNING GUIDEBOOK

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with a philanthropic advisor



When a person begins to consider charitable giving, their trusted financial advisors are often the first to be consulted. We respect the relationships that you have developed with your clients and complement the services you offer. The Foundation for Enhancing Communities (TFEC) can work collaboratively with you to connect your clients to the causes they care about most and help them understand how to achieve their charitable goals.

Our primary goal is to enhance your client relationship and allow you to expand your own offering. We have developed our financial policies to function within financial advisors, estate planners, accountants, and attorney's workflow, remaining in the background or leading the conversation with your clients. However, if you choose to work with TFEC, we will accommodate to optimize the impact of every gift.

THE BENEFITS OF GIVING THROUGH TFEC

Simplicity

Your client can easily create and add to their personal unique charitable fund. Many people conveniently manage all their charitable giving through their fund with TFEC.

Flexibility

TFEC works with you to help your client meet their philanthropic and life-planning goals. TFEC offers many products and services through which your client can leverage their giving and maximize their charitable impact in the community.

Maximum Tax Advantages

As a public charity, TFEC offers your client the highest benefits for charitable giving allowed by law.

Professional Investment Management

Within our investment program, we provide flexibility and enable donors to recommend an investment mix among investment models of different asset classes. Our funds are pooled, thereby achieving significant economies of scale and maximum diversification. Through our passive investment strategy, we also strive to keep investment and trading expenses as low as possible, thereby benefiting long-term returns.

Informed Philanthropy

TFEC can help connect your clients with nonprofit organizations that have a positive impact in the community.

Public Accountability

TFEC is independently audited by a certified public accounting firm and makes its annual IRS Form 990 available on our website, www.tfec.org.

Permanence

TFEC supports our community now and for generations to come. If the original beneficiary of the fund ceases to exist, TFEC's Board of Directors has the legal authority to redirect the fund to the most closely related use. This "variance power" assures donors that their original intent will be honored regardless of changing circumstances.

Recognition

Through TFEC's Annual Report, website and periodic events each year, your client will receive recognition for their charitable generosity; alternatively, they can choose to remain anonymous about their charitable giving.

Generational Giving

Your client can establish a fund that involves their family in charitable giving, allowing them to advise grants from the fund. This can help teach their children and grandchildren about the power of philanthropy to affect positive change in your community.

Why TFEC Is a Better Choice for Charitable Giving Than Commercial Charitable Gift Institutions:

- TFEC offers your client more flexibility in gift giving. For example, we can accept privately held stock and real property.
- We offer flexibility in grant making. Because of TFEC's "variance power," your client's gift will never become obsolete and will always represent their initial charitable intent.
- We can provide local legal expertise (at no cost to the donor) in structuring a gift.
- We allow the opportunity for others in the community to contribute to a fund, such as a memorial fund. Anyone can contribute to any fund at TFEC, anytime.
- We make every effort to be convenient, prompt and flexible. We know your client and they know us. We are their neighbors, not just a voice on the telephone or an email address.
- We have established expert investment policies, oversight and a total return investment philosophy. Our investments are not limited to the options offered by a particular mutual fund, family or financial institution.
- Our staff can provide advice and knowledgeable assistance in determining reputable nonprofit organizations that respond to changing community needs.
- Our fees are reasonable.
- We provide donor recognition in our Annual Report and on our website, www.tfec.org, (or anonymity, if desired).
- Local governance assures responsiveness and accountability.

Is Your Client Ready to Give?

We are here to help you identify the best solutions for your client's goals and interests. But, how will you know that your client is a good candidate for charitable giving? Here are 10 indicators:

1. Has Appreciated Property
2. Owns Closely Held Stock
3. Selling Highly Appreciated Securities
4. Making Monetary Gift to Individuals
5. Recently Received Bonus
6. Avoid Capital Gains
7. Estate Planning with No Heirs
8. Holds Retirement Funds and IRA Assets
9. Transferring Family Business
10. Benefiting Family

Your Client's Goal, Your Client's Gift: A Planned Giving Guide

Your Client's Goal	Your Client's Gift	How To Make a Gift	Your Client's Benefits
Defer a gift until after your client's lifetime	Bequest in a will	Name your client's favorite nonprofit organization(s) in your will	A donation exempt from federal and state taxes
Make a large gift with little cost to your client	Life insurance gift	Give an old or new policy with your client's favorite nonprofit organization(s) as beneficiaries	Current federal income tax deduction; possible future deductions
Avoid the twofold taxation on retirement plan assets	Retirement plan gift	Name your client's favorite nonprofit organization(s) as beneficiaries of all or part of the remaining assets after your client's lifetime	Avoidance of heavily federal and state taxed gifts to heirs
Avoid capital gains tax on the sale of a home or other real estate	Real estate gift	Donate the property to be sold by TFEC at the current market value	Immediate federal income tax deduction and avoidance of capital gains tax
Give your client's personal residence or farm, but continue to live there	Retained life estate	Designate the ownership of your client's home to their favored cause, but retain occupancy	Federal charitable income tax deduction and lifetime use of home
Secure a fixed and often improved income	Charitable remainder unitrust	Create a charitable trust that pays a set income from the trust's assets annually	Immediate federal income tax deduction and fixed income for life

Create a hedge against inflation over the long term

Charitable remainder unitrust

Create a trust that pays a percentage of trust's assets annually

Immediate federal income tax deduction; annual income for life that has potential to increase

Reduce gift and estate taxes on assets passing on to heirs

Charitable lead trust

Creates a trust for a set term and then passes to heirs which pays a fixed or variable income to your client's favorite nonprofit organization(s)

Reduction in the size of federal and state taxable estate; keeps property in family, often with reduced gift taxes

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COMPARING FOUR APPROACHES TO GIVING

TFEC offers compelling advantages over other charitable options. Discover the benefits of partnering with us.

Items to Consider	TFEC Donor Advised Fund	Private Foundation	Commercial Gift Fund (i.e. Fidelity)	Direct Gift To A Nonprofit Organization
Start-up Considerations:				
Costs	None	Several thousand dollars for legal and account expenses and filing fees	None	N/A
Time Frame	Immediate	Several months	Immediate	N/A
Minimum Contribution	\$10,000 over 5 years	Not cost-effective unless \$8 million or more	Usually \$10,000 to \$25,000 for individuals	N/A
Investment and Tax Considerations:				
Investment	Donor may choose from TFEC's investment options	Donor appointed board controls investments	Donor may choose from among firm's investment pools	N/A
Tax Status	Covered under TFEC's public nonprofit federally tax-exempt status	Must apply to IRS for private foundation federal tax-exempt status	Covered under nonprofit federally tax-exempt status of corporate entity's charitable subsidiary	Covered under federally tax-exempt nonprofit organization's public charity status

Income Tax Dedications for Gifts of:

Cash	Up to 60% of federal adjusted gross income	Up to 30% of federal adjusted gross income	Up to 60% of federal adjusted gross income	Up to 60% of federal adjusted gross income
Publicly Traded Securities	Fair market value up to 30% of federal adjusted gross income	Fair market value up to 20% of federal adjusted gross income	Fair market value up to 30% of federal adjusted gross income	Fair market value up to 30% of federal adjusted gross income
Real Estate & Closely Held Securities	Fair market value up to 30% of federal adjusted gross income	Deductible at cost basis	Fair market value up to 30% of federal adjusted gross income; usually not accepted	Fair market value up to 30% of federal adjusted gross income; usually not accepted

Grantmaking:

Grantmaking Involvement and Control	Donor recommends grants to qualified nonprofit organizations, subject to approval by TFEC's Board of Directors	Donor appointed board controls grantmaking decisions	Donor recommends grants to qualified nonprofit organizations, subject to approval by trustees of the gift fund	Donor makes gifts based on their own research and intuition; gifts are made directly to the nonprofit organization and control is limited to initial gift decision
Grantmaking Expertise	Staff can help identify and assess grantees, and provide input on community needs and nonprofit organizations	Must arrange and support its own grantmaking and monitoring structure	Most do not offer personalized advice on grantee selection	N/A
Distribution Requirements	A grant must be made at minimum every three years	At least 5% of net asset value annually; 30% penalty tax on undistributed amount	Varies; some require a minimum of 5% of the fund's net assets on a five-year rolling basis	N/A

Annual Administrative Requirements:

Fees	0.40% for Investment Management and 1.70% for Administration for a total of 2.10% (prorated monthly)	Grantmaking, administrative and investment support must be covered	Based on size of fund, usually starting at 1% of assets and declining for larger funds	N/A
Taxes	None	Federal excise tax of 1.39% of net investment income, including net capital gains	None	N/A
Reporting Requirements	None	Annual federal income tax return, including detailed financial schedules	None	N/A
Administrative Requirement	None	Staff salaries and office space to run daily foundation operations	None	N/A
Privacy	Donors may remain anonymous	Donors may remain anonymous, but IRS 990 Form lists officers, directors and trustees	Donors may remain anonymous	Dependent on nonprofit organization's gift giving policies

TFEC provides a streamlined and personalized approach to giving. We offer a variety of tools to help your clients achieve their charitable goals. Major options for giving entail varying costs and benefits. TFEC can help you and your clients review options for custom giving solutions based on their timing preferences, their giving focus and other variables. Your clients can make a gift of cash, stocks, bonds, real estate, or other assets to TFEC. Most charitable gifts qualify for maximum tax advantage under federal law. Most states do not have a gift tax but do have an inheritance or estate tax.

Connect with us for more information or to arrange a no-obligation meeting with you and your client(s) to discuss TFEC and the services that we offer.

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