

A DOZEN PLUS POTENTIAL WAYS TO USE A COMMUNITY FOUNDATION

There are many ways for you to express thanks to the community in which wealth was acquired. This section briefly describes some of the options available, for those interested in establishing named endowment funds within the Community Foundation for the Twin Tiers. There are two major classifications of funds: Unrestricted and Restricted.

DISCRETIONARY FUNDS

1. DISCRETIONARY FUNDS

“I think that a group of living men and women will always be able to better assess current needs than any written document from the past, no matter how perceptive.” - Donor

Individuals with this belief can establish a **discretionary fund** within The Community Foundation. The fund will perpetually carry your name and may be established during your lifetime, or by will. These funds offer the foundation the most flexibility to respond to changing community needs, create innovative approaches to community problems, and enhance the quality of community life.

2. FIELD OF INTEREST FUNDS

“There, are some particular causes I want to benefit, but I am concerned about committing my resources to a particular organization(s) since time changes all things.” - Donor

This donor may be interested in establishing a **field of interest** fund. The fund will also perpetually carry the donor’s name and may be broadly, or narrowly, focused. You may choose to support a general area of concern, such as the arts, education and scholarship, or health and human services. The foundation will regularly identify appropriate grantees within established parameters. The foundation then makes grants to the most appropriate programs or organizations with the earnings from the field of interest fund that you have established.

3. GEOGRAPHIC FIELD OF INTEREST FUNDS

“I want to perpetually help some non-profit organizations, but only those located in my hometown.” - Donor

If you have a keen interest in a particular community within a county, you may wish to establish a **geographic field of interest fund**. Funds can be established to specifically benefit a specific area or county, i.e., Sayre, Owego, Mansfield, Sullivan County or any other defined geographic region.

4. DONOR DESIGNATED FUNDS

“I have been supporting my favorite charities with annual gifts for decades. I would like to have this support continue in perpetuity through a bequest. I am confident in the charities current management and mission, but I understand that this quality administration and focus might not continue indefinitely.” – Donor

A **donor designated fund** will specifically benefit the charities of your choice. This support may be in a fixed dollar amount or a specified percentage of available income. Should one or more of the charities cease to exist, or should its mission be substantially altered, the foundation will seek out another organization whose mission most closely matches your original intent.

5. DONOR ADVISED FUNDS

“I want to establish a charitable fund, but I want to have some say over which organizations receive support. I also want to avoid all the restrictions placed on private foundations.” - Donor

One of a foundation's more popular options is the **donor advised fund**. Advisors have the privilege of recommending distributions of income or, in special cases, principal. You can recommend which organizations should be supported, such as your high school, church, or other favorite charity. The foundation welcomes and seriously considers these suggestions. By law, a foundation is required to retain the ultimate authority for fund distributions. This advisory privilege may, in some cases, be extended to members of your family. This is an ideal way to maintain family involvement and to encourage a new generation of philanthropists.

6. SCHOLARSHIPS

“I want my money to be used to establish a scholarship fund; however, I am not sure how best to administer this type of program. I also want my scholarship to conform to strict standards of impartiality and integrity.”- Donor

You can establish a named **scholarship fund** within the foundation to support scholarship awards in your name or the name of a loved one. The scholarship can be for any level of education. While the foundation prefers flexibility so that it can meet the greatest need, you may specify the schools the students are to come from, or are to attend. Whatever requirements are specified, you can be assured that the scholarship recipient(s) will be fairly selected by an objective committee appointed by the foundation.

7. AGENCY ENDOWMENTS

“I am on the board of a charitable organization that needs to develop and better manage a permanent endowment. How can I help?” – Donor

There can be some significant advantages to transferring an **agency endowment** to a designated fund within The Community Foundation. Investment management costs will be lowered and investment performance should improve. Perhaps more importantly, the agency and the foundation can cooperatively work to increase the funds' assets.

8. MEMORIALS

“I am saddened by the death of a dear and valued friend. I wonder what should be done to preserve his/her memory and the good that flowed from his/her life.” – Donor

A **memorial** fund dedicated to a field of interest closely associated with a loved one can be established within the foundation. Once the fund has been established, others who knew that person can contribute to the fund, which may become part of the foundation's unrestricted funds or may be dedicated as a field of interest fund to carry out your friend's charitable interests. Your friend's name will be acknowledged to the beneficiaries of the fund, which becomes a permanent, living memorial that remains meaningful and lasting.

9. LIFE INSURANCE

“I have been paying premiums on a life insurance policy for years and I really do not need the protection it once offered.” - Donor

The foundation can accept a gift of **life insurance**. You will get an immediate tax deduction, usually, in an amount equal to the policy's cash surrender value. You may also name the foundation as a beneficiary to a life insurance policy.

10. CHARITABLE GIFT ANNUITY

“I want to give something back to the community, but right now I need increased income.” - Donor

Charitable gift annuities provide a guaranteed life-time income to the donor and, if desired, their spouse, in return for a one-time gift. Payout rates are based upon your age. In today's investment environment, this annuity may actually increase your current income. At death, the income is used to make grants to deserving charities.

11. CHARITABLE LEAD/REMAINDER TRUSTS

"I have an estate plan which includes a charitable lead and/or remainder trust. How could I help the foundation and how could the foundation help me?" - Donor

A community foundation can be helpful to an estate plan that includes **charitable lead or remainder trusts**. Individuals with substantial estates and a charitable intent should keep in mind that a community foundation can administer a trust that pays a beneficiary life-time income.

12. PRIVATE FOUNDATION TRANSFER

"I am the trustee of a private foundation and some of the fun has gone out of the job. The government requires detailed reports and taxes take part of the foundation's income. I am also worried about exposure to personal liability." - Donor

A private foundation transfer will preserve the identity and purposes of the original donor. Family members and other designees can still participate. There are no taxes to pay. The foundation takes care of all paperwork. Any investment problems are handled and there is satisfaction in knowing that a permanent organization is in place to administer the fund in the future.

13. ADMINISTRATIVE ENDOWMENT

"In order for the foundation to grow as quickly as possible I would like to give to a fund that will provide the foundation with adequate operating funds to hire a full-time executive director and conduct a capitol campaign its first year." - Donor

Knowing the value of its work for the community, you would like to help with the on-going work of the foundation. A gift to the foundation's operating fund can be used to defray current expenses incurred in the day-to-day work of the foundation. An operating endowment fund provides a source of income to cover operating expenses for years to come.

**AN EFFICIENT AND EFFECTIVE WAY TO
ACCOMPLISH YOUR CHARITABLE OBJECTIVES...
NOW AND IN THE FUTURE.**

Source: "Resource Manual for Community Foundations." Community Foundation for Pennsylvania, Harrisburg, PA. March 1998.