

PHILANTHROPY FOR THE BUSINESS SAVVY



YOUR TRUSTED
ADVICE

CHARITABLE
OPTIONS FOR
ADVISOR/CLIENT
RELATIONSHIPS

YOUR CLIENTS'
GENEROUS NATURE

IN A RECENT NATIONAL SURVEY, 90 percent of advisors said it is their regular practice to discuss charitable giving with their clients, and for good reason. Clients rely on you to help them make sound personal and financial decisions, and charitable giving is no different. They want you to identify their opportunities and suggest solutions. Now, there's a partner to help you expand their charitable options and deepen your relationships through philanthropy.

Welcome to The Greater Tacoma Community Foundation, your charitable partner.

We think you will find us unlike any other organization you've ever met because our mission is helping people give—efficiently, effectively and meaningfully—to their favorite causes and charities. Through us, your clients can get the same charitable tax deduction as a direct gift to charity, but with the personal legacy that comes with starting a charitable fund. And you get the benefit of helping your clients achieve their financial and charitable goals in a uniquely personal way.

Why Advisors Trust The Greater Tacoma Community Foundation

1. **We are your quiet partner.** We respect your role as your clients' trusted advisor. We may be part of the conversation, but you will always remain in control of your client relationships.
2. **We are a cost-free resource** for charitable planning. From setting up affordable alternatives to private foundations to creating charitable instruments that provide income during your clients' lifetime, we offer tax- and bureaucracy-free solutions to meet your client's needs.
3. **We accept a wide range of gifts**, from insurance and highly appreciated stock to more complex gifts, such as real estate.
4. **Our endowed investment returns are great.** Our annualized net return is 7.5 percent for the 10-year training, outperforming the policy index. Our combined investments gain us low-cost access to top-tier management.
5. **We simplify your paperwork.** We offer easy-to-understand fund agreements that are adaptable to your client's needs. A fund can be started with us in as little as a day, depending on the establishing gift.
6. **We are experts on Pierce County.** When—and if—you or your client needs it, we can share our in-depth knowledge of the region's issues and nonprofits.
7. **We're highly regarded**—both locally and nationally. We are a member of the Council on Foundations, the professional association of public and private foundations. Of the nation's more than 750 community foundations, we were the first in Washington state to pass the council's rigorous national certification process.
8. **We're always here for you and your clients.** Sure, we'll answer emails, but we specialize in personal, confidential, no-cost consultation. Give us a call, or come to our office. Better yet, let us come to you.
9. **We thank you publicly.** Professional advisors play a key role in making philanthropy happen. We're pleased to offer public recognition for your commitment to our community and your clients' needs.
10. **We connect you with other advisors** who are socially responsible like you. Come network with fellow legal and financial advisors at workshops and social events.

Options for Giving

at The Greater Tacoma Community Foundation

| TYPE OF ASSET | CHARITABLE DEDUCTION AND LIMITATION |
|---|--|
| Cash Short-Term Capital Gain Property Ordinary Income Property <ul style="list-style-type: none"> Stocks, bonds, capital assets held less than one year | <p>For a cash gift, the deduction is typically deductible up to 50 percent of the donor's adjusted gross income (AGI) in the year the gift is made, if the donor itemizes deductions. Any excess contributions can be carried over the next five years.</p> <p>Example: Mr. Jones has an AGI of \$300,000. He makes a cash gift of \$200,000 to start a fund at the community foundation. The first year, he may deduct up to 50 percent of his \$300,000 AGI (up to \$150,000). The remaining \$50,000 of his charitable gift may be deducted the following year.</p> <p>Or, if Mr. Jones decides to give property instead of cash, the deduction is typically limited to cost basis and is deductible up to 50 percent of the donor's AGI in the year the gift is made, if he itemizes deductions. Any excess contributions can be carried over the next five years.</p> <p>On the other hand, if Mr. Jones gave the same \$200,000 to a private foundation instead, he would be limited to a charitable deduction of only 30 percent of his \$300,000 AGI (a one-time deduction totaling \$90,000).</p> |
| Long-Term Capital Gain Property <ul style="list-style-type: none"> Stocks, bonds, capital assets held more than one year | <p>In general, the big advantage here is that the charitable deduction is based on the current fair market value: Your clients not only receive a charitable tax break based on the full amount, but they pay no capital gains tax. The deduction is limited to 30 percent of the donor's AGI (50 percent if taken at cost basis). Any excess contributions can be carried over the next five years.</p> |
| Tangible Personal Property <ul style="list-style-type: none"> Antiques Artwork Automobiles Coin collections Jewelry | <p>Deductions for gifts of personal property to The Greater Tacoma Community Foundation are generally based on the cost basis of the gift and are deductible up to 50 percent of the donor's AGI. Excess contributions can be carried over the next five years. Special rules may apply to gifts of artwork.</p> |
| Real Estate <ul style="list-style-type: none"> Home Apartment building Vacation property Farmland Commercial property Income-producing or nonincome-producing land | <p>Raw land without any depreciable property is equal to the fair market value of the land; the 30 percent limitation applies. If the property contains depreciable assets or is mortgaged, a separate calculation is made. If special environmental or other concerns exist, consult The Greater Tacoma Community Foundation staff.</p> |
| Closely Held Stock | <p>Charitable gifts of stock in a closely held corporation may be made to The Greater Tacoma Community Foundation with the same deduction rules as publicly traded securities. (This is not true for gifts to a private foundation.) Because of the special issues of valuation and corporate privacy inherent, consult The Greater Tacoma Community Foundation staff.</p> |

Are You a Financial Manager?

The Greater Tacoma Community Foundation values the long-standing relationships you have with your clients. At The Greater Tacoma Community Foundation, you don't need to part ways with the investments once your client starts a fund. For a fund of substantial size, your client can recommend that you continue managing the charitable assets.

Everyone benefits: You can keep the assets on your book, just like with the national firms but with personal, attentive service from a local partner. Your client gets access to The Greater Tacoma Community Foundation's wide knowledge of the community, charitable giving and local nonprofits. And the local community—not some multimillion-dollar financial chain—benefits from the fund's administrative fees.

Like you, The Greater Tacoma Community Foundation serves individuals, families and organizations, one at a time. We will work with you to understand and address your clients' unique wishes and situations. In addition to offering them the same charitable tax deduction as a single-mission nonprofit, we enable your clients to create a lasting legacy with a named charitable fund, which they can create now or later through a variety of gifts.

Flexible Giving Strategies

GIVING NOW

Perhaps your client has a liquidity event and wants to use charitable giving to offset gains. Starting a charitable fund at the community foundation gets the client a tax deduction now while allowing the client to support specific causes or charities whenever he or she wishes. Your client can name the fund and make grants throughout his or her lifetime. Then, the client can pass the fund on to his or her children or use it to make grants to specific charities after being gone.

GIVING LATER

Perhaps your client is planning for the future. We make planned giving simple for both you and your client. You draft a few sentences in your client's will or trust to make a future gift to The Greater Tacoma Community Foundation; we work together on a fund agreement that captures your client's charitable wishes. Once realized, the fund will keep your client's giving spirit alive long after the client is gone.

GIVING TO GET INCOME

Many of your clients may benefit from donating a highly appreciated asset that allows them to receive income during their lifetime. Tools like charitable gift annuities and charitable remainder trusts offer tax relief, lifetime payments and, ultimately, a permanently endowed legacy that fulfills their charitable wishes forever.

Planned Giving Options

at The Greater Tacoma Community Foundation

| TYPE OF GIFT | FORM OF GIFT | SIZE OF GIFT | ADVANTAGES TO DONOR |
|--|--|--|---|
| Outright Gifts | | | |
| | <ul style="list-style-type: none"> • Cash • Securities • Real estate • Life insurance • Personal property | Unlimited | <ul style="list-style-type: none"> • Deductible for income tax |
| Bequests by Will / Living Trust | | | |
| | <ul style="list-style-type: none"> • Home • Cash • Securities | Unlimited | <ul style="list-style-type: none"> • Use of assets during lifetime • Life income gifts and lead trusts may be made in testamentary form • Enables significant future gift • Simplicity: Designate GTCF as beneficiary in will or living trust |
| Life Income Gifts (Irrevocable) | | | |
| Charitable Gift Annuities | <ul style="list-style-type: none"> • Securities • Cash • Life insurance | \$25,000 minimum, no maximum | <ul style="list-style-type: none"> • Simple to establish—no setup costs • Fixed payments for one or two lives • Payments guaranteed by GTCF • Tax deduction when gift is made • Reduced, prorated capital gains tax on gift of appreciated property • Permits deferred payment schedule, if desired • Cannot add to, but easy to set up additional gift annuities |
| Charitable Remainder Unitrusts | <ul style="list-style-type: none"> • Cash • Securities | \$150,000 recommended minimum | <ul style="list-style-type: none"> • Payout percentage negotiated by donor at trust formation • Can be tailored to donor's situation • Can provide income to one or more noncharitable beneficiaries • Can be for life or term of years (up to 20) • Tax deduction in year gift is made • Permits deferred income, if desired • Excellent for gifts of real estate • Can make additional contributions to trust • No capital gains tax on gift of appreciated property |
| Charitable Remainder Annuity Trusts | <ul style="list-style-type: none"> • Cash • Securities | \$150,000 recommended minimum | Same as CRUT except: <ul style="list-style-type: none"> • Fixed income established by donor at trust formation • Cannot make additional contributions |
| Charitable Lead Trusts | | | |
| | <ul style="list-style-type: none"> • Cash • Securities • Real estate | Usually over \$500,000; minimum if GTCF is the trustee | <ul style="list-style-type: none"> • Allows property to be passed to others with little or no shrinkage due to taxes |
| Insurance Policies | | | |
| GTCF as owner and beneficiary of continuing policy | | Unlimited | <ul style="list-style-type: none"> • Donor gets income tax deduction for value of policy when transferred • Ongoing gifts to charity deductible; charity pays premium • Donor can make large gift in future at small cost now |
| Giving paid-up policies | | Unlimited | <ul style="list-style-type: none"> • Tax deduction based on current value of policy |
| GTCF as beneficiary but not owner | | Unlimited | <ul style="list-style-type: none"> • Enables donor to make large future gift at small cost • Donor may change beneficiary later • Donor may borrow on policy |

Your client's giving doesn't follow a cookie-cutter approach, so The Greater Tacoma Community Foundation offers six different funds for charitable giving. All but our scholarship funds can be started with as little as \$10,000 and are immediately tax deductible to the full extent of the law. Your client names the fund and its purpose, and the client can be as public or as private about his or her giving as desired. There is never a charge to create a fund. After the donor has received a full charitable deduction, the community foundation assesses a modest annual administrative fee from the fund's balance.

Charitable Fund Options

DONOR-ADVISED FUNDS

For the individual, family or company who wants to be fully involved. Your client recommends the grants; the community foundation does all the paperwork. Read more on pg. 9.

SCHOLARSHIP FUNDS

Greater Tacoma residents are passionate about education. Charitable people like your clients have already created more than 90 scholarship funds at The Greater Community Foundation, which have distributed more than \$3.5 million in scholarships. The client determines the selection guidelines and, as long as there are no conflicts of interest, may also help recommend the selection committee and scholarship winners.

DESIGNATED FUNDS

The client chooses one or more favorite organizations to benefit forever (designated funds are almost always endowed). Should the designated organization, or the purpose it served, cease to exist, the community foundation will redirect the fund's income to maintain your client's original charitable intent.

FIELD-OF-INTEREST FUNDS

Does your client care deeply about a particular issue, such as the arts, education or health care, but doesn't have a particular nonprofit in mind? With this type of fund, your client chooses the issue, and the community foundation chooses the best organizations and projects.

UNRESTRICTED FUNDS

Does your client want to meet our community's emerging needs, today and for future generations? With an unrestricted fund, the client gives full grantmaking power to the community foundation's board, which in turn makes grants in your client's name—in perpetuity—to improve life in Pierce County.

AGENCY ENDOWMENT FUNDS

More than 70 greater Pierce County nonprofits have established endowments at The Greater Tacoma Community Foundation to leverage our greater investing capacity, stability and ability to attract donors who prefer to support endowments. We also make it easier for them to accept complex gifts.

Donor-Advised Fund, Charity or Private Foundation?

| COMPARE THE OPTIONS | STARTING A DONOR-ADVISED FUND AT GTCF | GIVING DIRECTLY TO FAVORITE CHARITY | STARTING A PRIVATE FOUNDATION |
|--|---|---|--|
| SETUP TIME | As little as 1 day | Immediate | 6-9 months |
| STARTUP COSTS (e.g. legal and accounting fees) | None | None | Typical costs of creating a corporation (legal, accounting, etc.) |
| ANNUAL COSTS | Total fees less than 1.5 percent | None | Extensive administration, legal and investment costs |
| INITIAL GIFT MINIMUM | \$10,000 | None | \$5-10 million recommended |
| ANNUAL TAX FILINGS AND RETURNS | Not required (part of GTCF annual reporting) | Charity conducts | Must be filed by private foundation staff |
| RECORD KEEPING / ACCOUNTING | Provided by GTCF staff | No | All services arranged by private foundation staff |
| ADMINISTRATIVE SUPPORT | GTCF professional staff | Charity's staff | None, must hire private foundation staff |
| PAYOUT REQUIRED | None | None | Yes—5 percent annually |
| ANNUAL TAXES | None | None | Yes—up to 2 percent |
| GOVERNANCE AND OVERSIGHT | GTCF board of directors | Charity's board | Private foundation board |
| GRANTMAKING STRATEGY ASSISTANCE; INFORMATION ON COMMUNITY ISSUES | Yes, if donor desires | No | None, must hire private foundation staff |
| CONFIDENTIALITY | Yes, donor can choose anonymity both in giving and grantmaking | No | No |
| DONOR CONTROL OF DISTRIBUTIONS | GTCF carries out donor's wishes via grant recommendations, subject to GTCF board approval | Donor can request restrictions on gift, but charity has final say | Subject to private foundation's board |
| ABILITY TO GIVE TO MULTIPLE NONPROFITS AND CAUSES | Yes | No | Yes |
| INVESTMENTS | Active board oversight, record of long-term growth by top-tier investment managers | Charity not required to invest gift for growth | Private foundation staff must oversee; management could be costly, depending on assets |

Donor-advised funds are the fastest-growing charitable vehicle of choice in the United States. For good reason: They earn your clients a charitable tax deduction when they need it and give them time to distribute charitable dollars to their favorite causes and nonprofits. Unlike a private foundation, a donor-advised fund costs your clients nothing to start, and ongoing administration and maintenance are handled by The Greater Tacoma Community Foundation staff.

Benefits of a Donor-Advised Fund

LOW COST

Donor-advised fund costs are minimal. The Greater Tacoma Community Foundation deducts a fee of 1.5 percent to cover administrative fees, but only after your client has received a full tax deduction for gifts to the fund. Starting a donor-advised fund is free and can be done in as little as a day. In comparison, starting a private foundation requires upfront fees, tax filings and IRS approval, which may take months.

PRIVACY

While private foundation giving is public record, grants made through donor-advised funds can be made anonymously. Your client can also name the fund in such a way that fully protects the client from funding appeals.

GREATER TAX BENEFITS

Donations to donor-advised funds are deductible up to 50 percent of adjusted gross income on gifts of cash, and 30 percent on gifts of appreciated securities. Donating long-term appreciated securities to a donor-advised fund may even eliminate capital gains taxes. Unlike a private foundation, your client will not pay excise tax on the fund's income.

NO ADMINISTRATION

Donor-advised funds relieve your client of all the work. The Greater Tacoma Community Foundation handles all the due diligence, record keeping, check writing, gift acceptance and tax filings. Your clients can support as many charities as they wish with their donor-advised fund. For tax purposes, they only need to track contributions to the fund.

LEGACY

Your clients can leave their mark in the community by creating a donor-advised fund in their name at The Greater Tacoma Community Foundation. Unlike a single gift to charity, our board will ensure their fund continues supporting their favorite causes forever, long after they're gone. The Greater Tacoma Community Foundation allows as many generations of successor advisors as your clients wish.

FLEXIBILITY

Clients can support activities right here in greater Pierce County, or any approved nonprofit in the nation. They can use their fund to be charitable during their lifetime. They can also choose to continue their charitable legacy forever by endowing their fund.

We make sure that you—and your clients—have the latest charitable giving tools wherever, whenever you need them at www.gtcf.org.

Gtcf.org/Advisors is dedicated to you and addressing your key concerns: how to talk with clients about charitable giving, when charitable giving makes sense, and the circumstances in which the community foundation is the best choice. We also give you easy access to our financials and investments.

We think you'll especially like our Planned Giving Tools, which offer you:

- A planned giving calculator for six types of charitable annuities, trusts and part gift/part sales
- A deduction calculator for eight types of charitable annuities and trusts with terms ranging from 1 to 35 years
- A description of all currently available charitable tax extenders, such as gifts of conservation property
- An in-depth manual on taxation and giving for every state in the nation, for when your client either lives outside Washington or maintains two or more domiciles
- Regular private letter rulings on charitable tax law
- Constantly updated news from Washington on charitable topics
- E-newsletter sign-up, so you can receive up-to-date information on charitable options and tax laws

Gtcf.org/Give welcomes clients to a new world of charitable collaboration with The Greater Tacoma Community Foundation and you, their trusted advisor. We have all the information they need when considering a charitable fund. We also offer comprehensive, transparent access to all our financials, from our balance sheet, quarterly performance data and annual audit report to our Form 990.

When your clients start a fund, we offer them customizable online giving options and 24/7 access to their fund balance, history and grantmaking via DonorFirst.

Personal Service

Websites are great tools, but the main advantage of working with a local partner is accessibility. A member of our development and donor-engagement team is happy to meet with you face to face to provide you with the tools you need in your client meetings, from tax scenarios to prepared fund agreements.

We can also provide your firm with continuing education opportunities in charitable giving. To learn more or to schedule a meeting, contact Evelyn Ryberg, director of philanthropic services, at eryberg@gtcf.org or **253.383.5622**.

The Greater Tacoma Community Foundation embraces and enhances the work of charitable people who make a permanent commitment to the good of the community. Established in 1981, the Community Foundation houses a growing family of funds established by charitable people from all walks of life, totalling more than \$110 million in assets.



Connect with Us

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