



Northern California Planned Giving Council

Partnering with Impact: Planned Giving Programs

May 17, 2024



Building a Planned Giving Program

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Our Community Foundation

What does a Community Foundation do?

- Serves a particular geographic area
- Encourages and promote philanthropy in its geography
- Serves and supports charitable philanthropic goals of donors
- Acts as intermediary organization between donors and grantees
- Provides community leadership
- Convenes stakeholders on important community issues and build sustained partnerships and collaborations with public, private, philanthropic and nonprofit organizations and leaders



SVCF Grantmaking in 2023

INTERNATIONAL

\$197M

UNITED STATES
(EXCLUDING CALIFORNIA)

\$1.12B

SAN MATEO AND SANTA CLARA COUNTIES

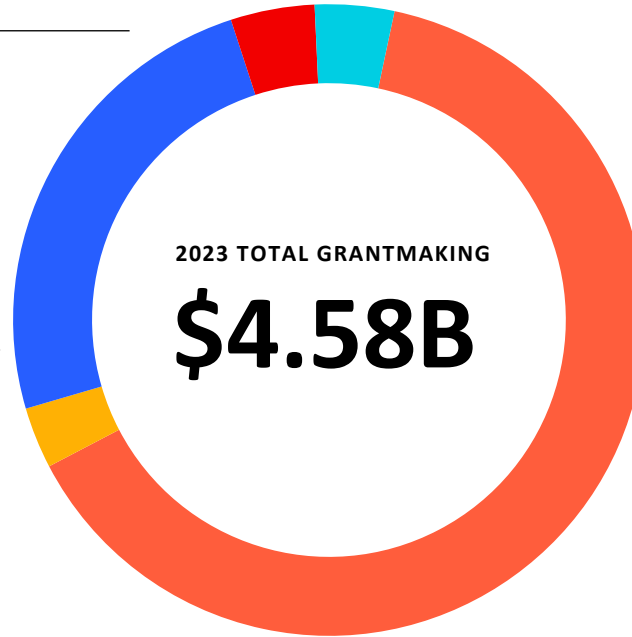
\$186M

OTHER BAY AREA COUNTIES
(Excluding San Mateo and Santa Clara counties)

\$2.93B

CALIFORNIA
(Excluding all Bay Area counties)

\$144M



Product Offerings

Individuals & Families

- Donor Advised Funds
- Scholarship Funds
- Designated Funds
- Field of Interest Funds
- Supporting Organizations
- Charitable Gift Annuities
- Legacy Planning

Corporate Partners

- Corporate Advised Funds
- Scholarship Funds
- Grant Round Facilitation
- Employee Engagement Consulting

Foundation & Other Nonprofits

- Nonprofit Endowment Funds
- Charitable Gift Annuity Partnerships
- High Volume Grant Facilitation



How we can support your donors

- Donors can open and fund DAFs with appreciated stock and complex assets that can support your organizations
- Donors can name successor Fund Advisors so DAFs continue to another generation
- Donors can create named Legacy Funds-either in a will or trust or by converting a DAF at death that benefit your organization
- Donors can purchase Charitable Gift Annuities to provide lifetime income and build your endowment funds
- Donors can create or contribute to Endowed Funds for your organizations



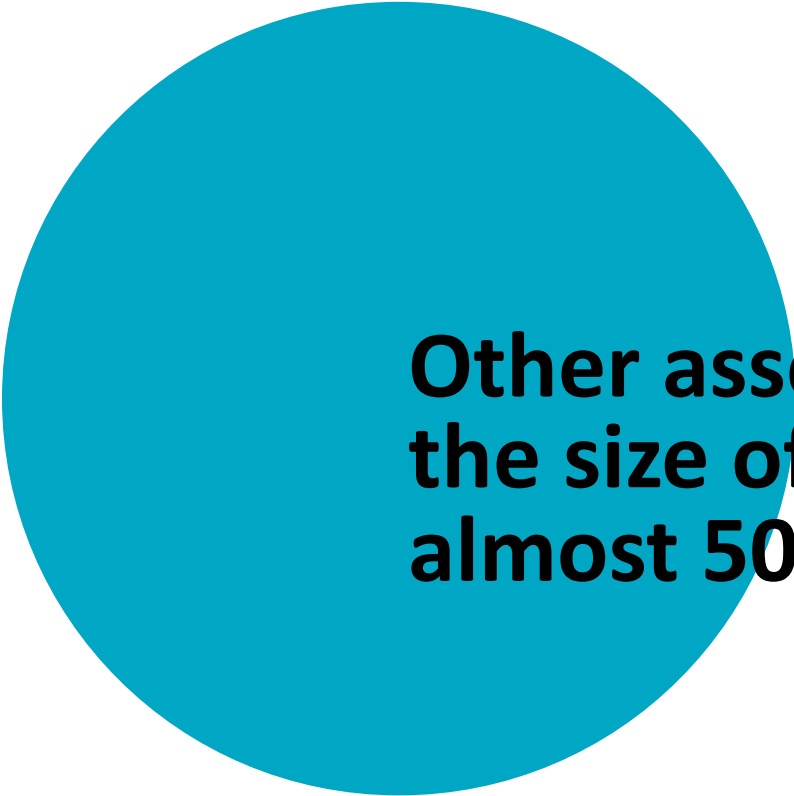
Giving Now



**What's the best asset
to give?**



Cash is king, but...



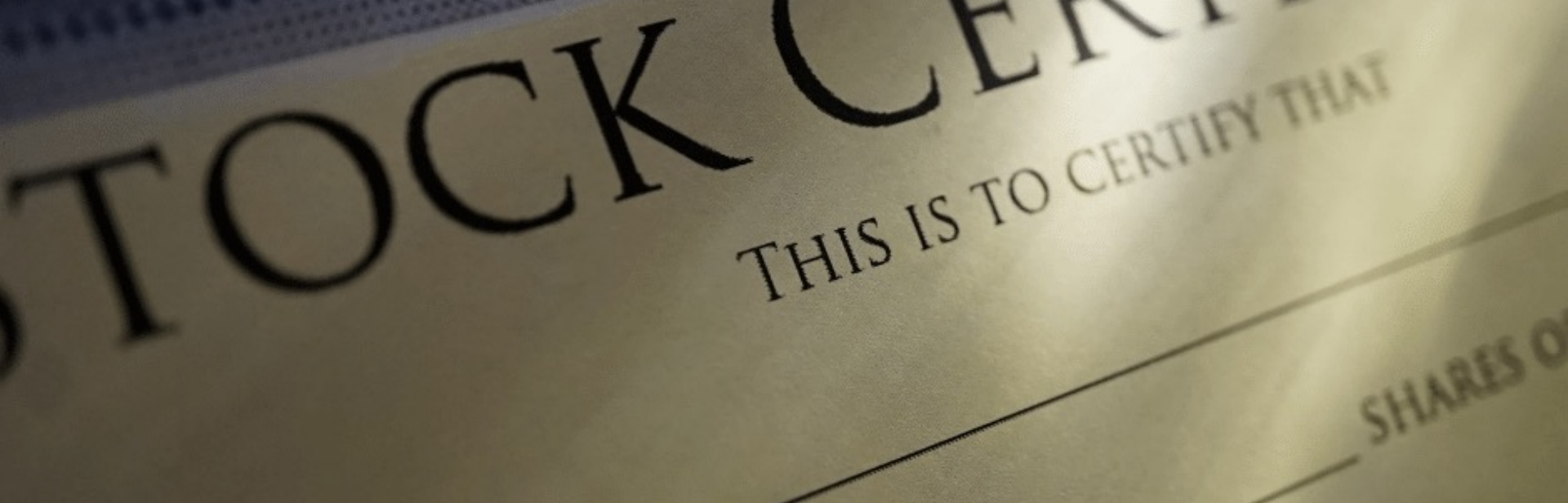
**Other assets can increase
the size of a donor's gift by
almost 50%!**



THE GREATER THE GIFT, THE GREATER THE IMPACT

And that means more for everyone.

SVCF SILICON
VALLEY
COMMUNITY
FOUNDATION



HIGH IMPACT GIFT

Appreciated Publicly Traded Stock



HIGH IMPACT GIFT

Appreciated Non-Cash Assets/ Complex Assets



HIGH IMPACT GIFT

Retirement Assets

Gifts of Appreciated Stock

Capital gains taxes are owed upon sale

If sold:

- Donor will owe capital gains
- 20% Federal capital gains
- 3.8% Medicare surcharge
- 13.3% California income tax

Gifts of Appreciated Stock

If donor donates stock, charity pays no tax

IF DONATED:

- Donor gets a deduction of current FMV of the stock*
- Donor owes no capital gains taxes
- The charity sells stock and pays no capital gains

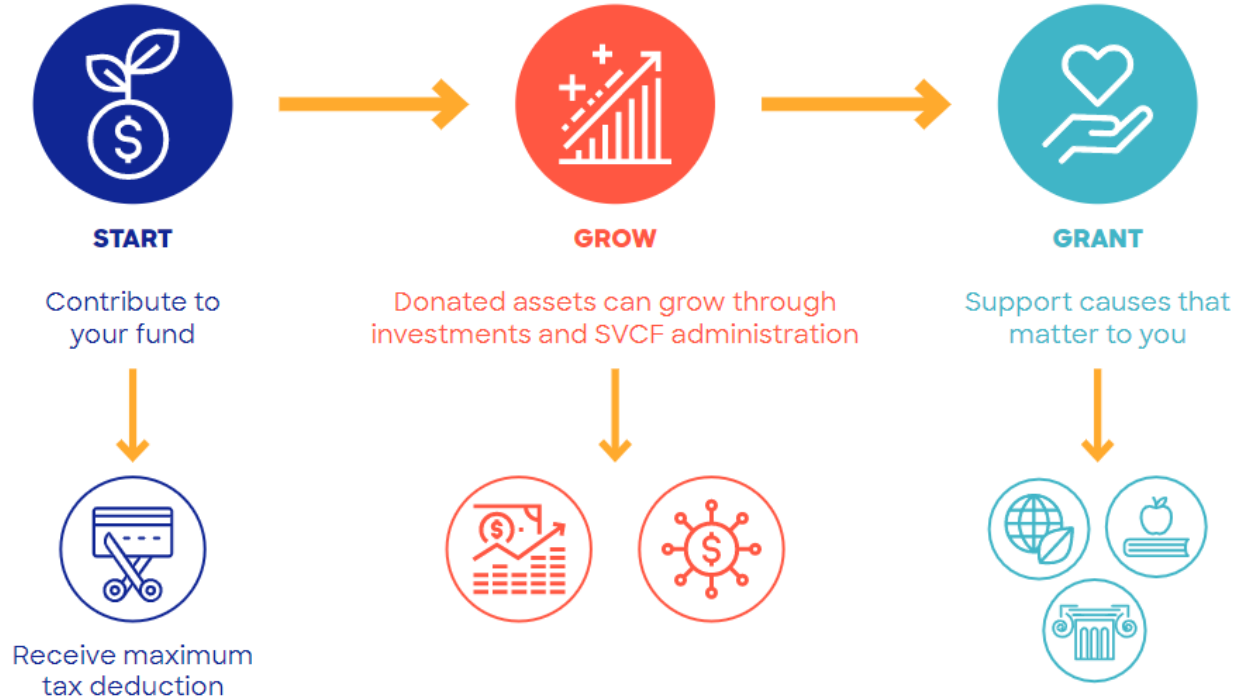
*30% of AGI limit: 5-year carry forward



**Problem: Your
Nonprofit Doesn't
Accept Stock Gifts**

Donor Advised Funds

A donor advised fund (DAF) is a giving vehicle administered by a public charity



How It Works

Gifts of Stock



Donor purchased 1,000 shares of Old Company stock in 1998 for \$1 a share.

Now it is worth \$100 a share.

How It Works

Gifts of Stock



If donor sells it, donor will owe \$37,000 in capital gains tax.

Donor could donate \$63,000 to a favorite charity.

How It Works

Gifts of Stock



If donor gives stock to their Donor Advised Fund, they will receive \$100,000 deduction.

How It Works

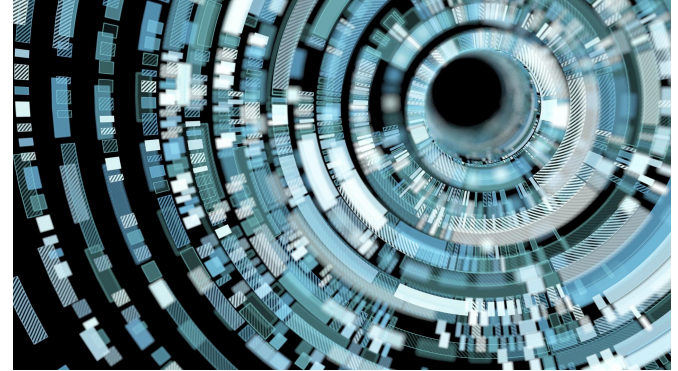
Gifts of Stock



**Donor Advised Fund now has
\$100,000 for grants.**



Other Appreciated Non-cash Assets



The Value of Noncash Assets

Don't miss out

CASH/CASH EQUIVALENTS

Cash represented only 9% of total high-net-worth assets in 2023.

NONCASH ASSETS

12.5% of all charitable gifts in 2020 were noncash contributions of business interests, real property, easements.

GROWTH OPPORTUNITY

Nonprofits that accepted non-cash assets saw almost 50% growth in contributions 2010-2015.

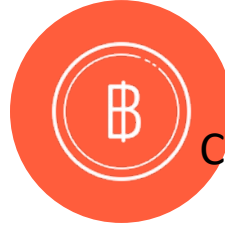
Nonprofits accepting cash only, 11% growth.

Non-Cash Assets

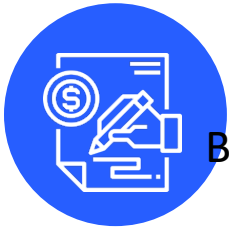
SVCF has broad experience in assessing and accepting a wide variety of complex asset types for charitable purposes, including:



Private Stock



Cryptocurrency



Business Interests



Real Estate

Types of Complex Assets to Give

- Real Property
- Privately Held Business Interests
 - LLC and LLP Interests
 - Private C and S Corp Stock
 - Private Equity
 - Hedge fund interests
 - Pre-IPO Stock
- Other Non-Publicly Traded Assets
 - Cryptocurrency
 - Restricted Stock



What Do They Have in Common?

- Low-basis
- Long-term capital gain
- Illiquid
- Hard to value
- Come with potential liability
- Hard for smaller nonprofits to accept



Gifts of Complex Assets

SVCF can accept many other kinds of non-cash assets

Donate to SVCF:

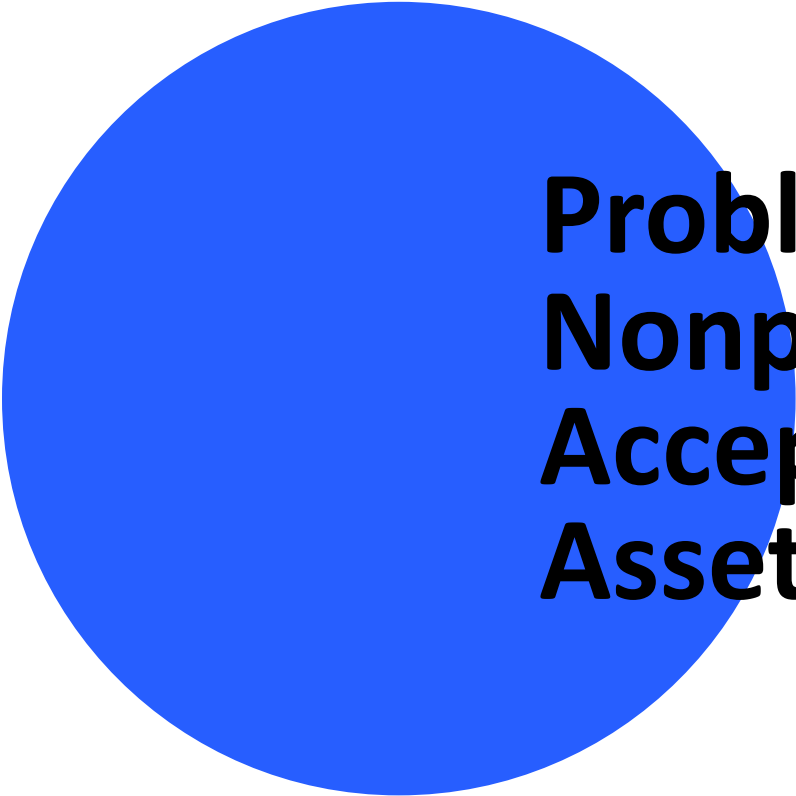
- Closely Held Stock
- Cryptocurrency
- Real Property
- Partnership Interests
- Restricted Stock

Gifts of Complex Assets

SVCF can accept many other kinds of non-cash assets

Net proceeds to DAF:

- Requires SVCF approval
- Requires donor to pay costs of diligence and transfer
- Requires donor to obtain qualified appraisal



**Problem: Your
Nonprofit Doesn't
Accept Complex
Assets**

Gift Review Process



Information &
Document Collection



Legal Review



Gift Acceptance
Committee Review



Gift Transfer

An Opportunity: Real Estate



- 24% of U.S. private wealth
- 4% of all non-cash charitable gifts
- (2010-2015)

Charitable Gifts of Noncash Assets, Bryan Clontz, 3rd edition

How it works

Real Estate Donation



A donor has a rental property that they purchased for \$50,000 in 1971. It is now worth \$1.5 million.

The family wants to donate appreciated real property to their favorite charity, but the charity cannot accept it.

How it works

Real Estate Donation



A donor contacts SVCF to discuss a possible donation.

SVCF works with donor to gather information about the property, possible resale value, environmental risks, or any restrictions on ownership.

How it works

Real Estate Donation



SVCF goes through a gift review and acceptance process.

Upon due diligence and board approval, property is transferred to SVCF.

The property is sold. Net proceeds are transferred to donor's DAF.

How it works

Real Estate Donation



A donor recommends grants to charities from their DAF.

The donor's deduction is \$1.5 million.

Capital gains on sale would have been over \$500,000.



HIGH IMPACT GIFT

Retirement Assets

Qualified Charitable Distributions

Donate to charity directly from donor's IRA (but not a 401k)

REQUIREMENTS:

- Donor must be over 70 ½
- The contribution must be directly from plan administrator to charity
- Cannot go to donor's DAF
- Can go to a Field of Interest or Designated Fund
- Up to \$105,000 per year (indexed to inflation)

Qualified Charitable Distributions

Donate to charity directly from Donor's IRA (but not a 401k)

BENEFITS:

- **The contribution counts as donor's RMD**
- **Donor recognizes no additional income**
- **Because no additional income, donor's tax bracket won't change**
- **Charity pays no income tax on withdrawals**

How it works

Qualified Charitable Distribution



Donor is 73 years old.

How it works

Qualified Charitable Distribution



IRA has \$500,000.

**Her required minimum
distribution is \$18,868.**

How it works

Qualified Charitable Distribution



She tells Fidelity to give \$18,868 to a qualified 501(c)(3) organization.

How it works

Qualified Charitable Distribution



**The gift qualifies as her
Required Minimum
Distribution.**

**Charity pays no tax on
withdrawal and receives
\$18,868.**

**Donor had no additional
taxable income.**



Giving Later

Succession

Involving family in philanthropy



Name Children as Fund Advisors Now

Donors can name their children to serve with them as Fund Advisors and learn about family values and goals.



Create new DAFs

Donors can ask SVCF to divide an existing DAF into separate DAFs for their children.



Successor Fund Advisors for Later

Donors can name successor Fund Advisors

Bequests

Figure 1.2 Number of new bequest expectancies identified
Constant client universe (fiscal years)



n=39

A large, solid orange circle is positioned on the left side of the slide, partially overlapping the text.

Lifetime Income Gifts

Charitable Gift + Income

Present deduction: Future charitable gift

Donor/Beneficiary Gets Income

Donor makes irrevocable gift

Donor/Beneficiary receives lifetime income

Donor gets charitable deduction for remainder interest to charity

Nonprofit Gets Remainder

At the end of the term, nonprofit receives remainder of trust or contract.

Charitable Gift Annuities



Charitable Gift Annuities

Gifts that pay donors fixed income for life and support charities



Lifetime Income

Annuitant is guaranteed a lifetime income payment at a fixed rate backed by the assets of SVCF.



Set Interest Rate

SVCF's CGA interest rate is set by the American Council on Gift Annuities and is based on the donor's age at the time of the gift.



Charitable Gift

At the end of the donor's lifetime, a designated charity receives the remainder of the fund.

Charitable Gift Annuities

How donors benefit

Why do it?

A donor can create lifetime cash flow at a higher interest rate than what they receive from other fixed-income investment

A donor can receive fixed payments that are unaffected by interest rates.

Benefit local nonprofits

A donor's charitable donation can help to fight disease; educate youngsters; feed the hungry; and benefit your community.

Tax benefits

Donor will get a charitable deduction equal to the remainder that is estimated to go to charity.

If funded with appreciated stock, the capital gains are smaller and spread out over the lifetime of the annuitant.

Example

Donor is 72 and the annuitant. Stock donation of \$200,000. Payout rate is 6.6%

Charitable Deduction	\$77,190
Annuity	\$13,200 per year
Income Tax Savings	\$28,560

At end of donor's life, charity will receive remainder of the assets.

Using An IRA to buy a CGA

Why consider this?



One Time Only

Starting in 2023, donors can use \$50,000 from their IRA to purchase a CGA.



Fixed Lifetime Income

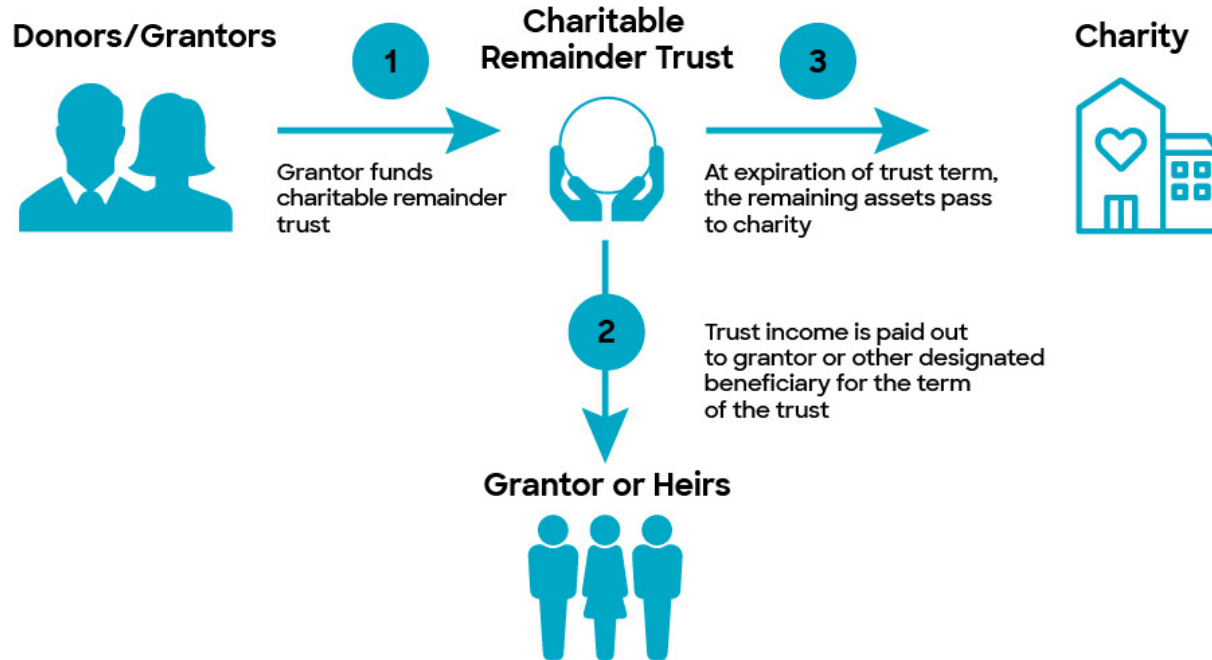
Donor's charitable donation can help to fight disease; educate youngsters; feed the hungry; and benefit their community.



Remainder to Charity

Remainder goes to charities donor supports.

Charitable Remainder Trust



Charitable Remainder Trusts

How donors benefit

Why do it?

A donor can create lifetime cash flow at a higher interest rate than what they receive from other fixed-income investment

A donor can receive fixed payments that are unaffected by interest rates or create a CRT that pays out based on market performance.

Benefit local nonprofits

A donor's charitable donation can help to fight disease; educate youngsters; feed the hungry; and benefit your community.

Tax benefits

Donor will get a charitable deduction equal to the remainder that is estimated to go to charity.

If funded with appreciated stock, the capital gains are smaller and spread out over the lifetime of the beneficiary.

Allows diversification of concentrated assets.

How it Works

Charitable Remainder Trust



Requires a lawyer to draft an irrevocable trust document.
Requires a Trustee to manage the trust.



Annuity payments are based on term, usually life, but can be up to 20 years.



Income stream to donor is subject to rate and term.
Charity must get at least 10% of initial assets contributed.



Can either distribute a fixed sum or a variable amount based on trust assets determined annually.

Growing Planned Giving

Key Strategies

Encourage Donor Advised Funds

Help Donors create family giving programs. Giving now can create giving later.

Encourage CGAs

Allow donors to create fixed income for life with a charitable gift to you at death.

Encourage use of QCD distributions

Retirement savings are a perfect source of charitable gifts.

Encourage gifts of appreciated securities and complex assets

Many of your donors have appreciated stock & non-cash assets that they could convert to charitable gifts.

Encourage Legacy Funds

Allow your donors to create named funds to benefit your organization, forever, by converting existing funds or making estate gifts to create them.

Encourage Charitable Remainder Trusts

Allow donors to benefit you and create a lifetime income stream in return.



Thank you.

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