



PROFESSIONAL ADVISOR
TOOLKIT

Ten reasons to discuss philanthropy with your clients

1. You'll be surprised how many clients are searching for a way to give back to the community, to honor or memorialize a loved one or simply make a positive impact.
2. Clients agree that philanthropy is no more personal than any other decision that advisors help them make. Financial and estate planning includes discussing all the things clients can do with their money. Philanthropy is one of them.
3. Clients expect you to bring it up.
4. You can discuss philanthropy with your clients discretely, without judgment, in a way that respects their privacy, values and autonomy.
5. It expands the menu of services available to your clients, thereby increasing their level of satisfaction with you and your firm.
6. It showcases your broad range of professional expertise.
7. It increases the potential for new referrals and thus opens the door to new clients.
8. It marries your chosen profession with your desire to make a positive impact in the community.
9. It helps address important community needs, and helps make our community a more equitable and vibrant place to live — a real legacy for future generations.
10. It's good for your clients, it's good for your business, it's good for society and it's good for you.

Starting the conversation

When you talk about charitable giving with your clients, they will understand that you see them as multifaceted individuals whose goals include more than acquiring wealth and/or minimizing taxes. You can acknowledge your clients' values and the role these values play in their lives and plans for the future.

These questions may help you easily start a conversation about charitable giving:

- What do you appreciate most about living in Kalamazoo County?
- Is there something about Kalamazoo County you'd make better if you could?
- Do you volunteer or have you considered volunteering for a local nonprofit?
- What would you want to happen to your estate if your loved ones died before you?

Why refer clients to the Community Foundation?

1. If your clients want to invest in the community where they have lived, worked and raised their families, they can be sure their gift will support the community forever.
2. It's easy to give to the Community Foundation. We accept a wide variety of assets, which other nonprofits may not be able to do.
3. If your clients have multiple charitable interests, they will appreciate being able to support the whole community with just one gift.

Fund types

Any of these fund types can be established anonymously or in your client's name, family name, the name of someone they wish to honor, or a descriptive name that is meaningful to them. Your clients also may choose to give to existing funds of the Kalamazoo Community Foundation, receiving tax benefits with each gift.

Fund Type	Establishing Gift	Fee	Endowment Required
Love Where You Live (LWYL) Unrestricted resources are used to support immediate community needs, as well as support the work of organizations that are collaborating with others to make long-term, transformative change. These funds may be established over time. Once a donor has made \$5,000 in gifts to our Love Where You Live Funds, they may choose to name the fund.	\$5,000*	-	Yes
Field-of-Interest Field-of-Interest Funds support specific areas of need such as housing, health or education. The minimum gift to establish a Field-of-Interest Fund is \$5,000 when the purpose mirrors one of our Love Where You Live Funds . Field-of-Interest Funds that have a very specific or narrow scope require a minimum gift of \$50,000.	\$5,000 / \$50,000	1% of assets up to \$1,000,000 0.75% next \$1,500,000 0.50% next \$2,500,000 0.25% thereafter	Yes
Advised Donors suggest grants from these funds to the nonprofits of their choice. Grants can be distributed within or outside Kalamazoo County.	\$25,000	\$400 minimum or 1% of assets 0.75% next \$1,500,000 0.50% next \$2,500,000 0.25% thereafter	No
Designated Designated Funds are established for the benefit of specific nonprofit organizations.	\$50,000	.75% with fee capped at \$5,625	Yes
Scholarship Scholarship Funds provide support for students pursuing post-secondary education. The minimum gift to establish a Love Where You Live Scholarship Fund is \$5,000 when the purpose mirrors our Love Where You Live Scholarship Fund.	\$100,000	1.25% of assets up to \$10 million with fee capped at \$125,000	Yes

Any of the fund types shown above can be established over the course of time. All funds except **Love Where You Live** require a minimum \$15,000 initial contribution. Grantmaking from the fund does not begin until the fund reaches the minimum value. No fee is assessed on the fund until it is fully developed.

Comparing three approaches to giving

Items to consider	KZCF Donor Advised Fund	Commercial Gift Fund	Private Foundation
Donor Involvement	Donor recommends grants to qualified nonprofits. Grants are approved by KZCF board of trustees.	Donor recommends grants to qualified nonprofits. Grants are approved by trustees of the gift fund.	Donor appoints board, which controls investments and grantmaking.
Tax Status	Public charity	Public charity	Private charity
Income Tax deductions for gifts of			
Cash	Up to 60% of adjusted gross income	Up to 60% of adjusted gross income	Up to 30% of adjusted gross income
Appreciated securities	Fair market value up to 30% of adjusted gross income	Fair market value up to 30% of adjusted gross income	Fair market value up to 20% of adjusted gross income
Real estate and closely-held stock	Fair market value up to 30% of adjusted gross income	Fair market value up to 30% of adjusted gross income	Cost basis up to 20% of adjusted gross income
Grantmaking			
Support	Dedicated staff can provide input on community needs and programs to enhance donor's philanthropic vision	Varies	Donors must arrange and support their own grantmaking and monitoring structure
Distribution requirements	No minimum annual distribution	No minimum annual distribution	Must distribute 5% of average fair market value of assets each year
Start-up costs			
Initial costs	None	None	Several thousand dollars for legal and accounting expenses and filing fees
Fund value	Minimum to establish is \$25,000 or \$15,000 if established under development	Minimums to establish vary, but typically \$10,000 and up	Typically millions of dollars
Administrative requirements			
Ongoing costs	Annual administrative fee	Varies	Several thousand dollars for legal and accounting expenses, filing fees and investment expenses
Reporting	KZCF handles reporting	Financial institution handles reporting	Annual 990-PF tax form must be filed

Charitable instruments

There are a variety of giving methods tailored to your client's unique situation. Each individual and family we work with has unique charitable interests and unique financial circumstances. Our Philanthropic Services & Development team helps you make the most of both for your clients.

Cash The simplest method of giving is to send a personal check.

Appreciated Securities When you give long-term appreciated securities, not only do you receive an income tax deduction equal to the market value of the securities, but you also avoid capital gains taxes on the growth of that asset.

Real and Personal Property A residence or other real property may be given as an outright gift, or you may prefer to give your residence, farm, or vacation home and retain the right to occupy it for life. Personal properties such as paintings, library books, coin collections, or musical instruments are also assets you may wish to consider as possible gifts to charity.

Life Insurance When you give a life insurance policy to charity, the tax deduction will be based on the policy's present value (total premiums paid) or its cash surrender value, whichever is less. Any premiums you continue to pay after your gift are also deductible.

Charitable Beneficiary Designation Naming the Community Foundation as a beneficiary in your life insurance or retirement plan is easy to do, and the gift that results will benefit our community in a lasting way. Making the Community Foundation a beneficiary of your IRA or qualified retirement plan also avoids the income tax that your estate would have paid.

Bequest By Will You can designate a gift or portion of your estate to the Community Foundation and, in some cases, receive a substantial reduction in federal gift and estate taxes.

Charitable Gift Annuity You can make a gift of cash or property to the Community Foundation now, get immediate tax benefits, and ensure that you or a loved one receive fixed quarterly or annual payments for life.

Charitable Remainder Trust You can place cash or property in a trust that pays annual income to you (or other beneficiaries) for life or a term not to exceed 20 years. Either at the end of the term or after your death, the remainder of the trust transfers to the Community Foundation and is placed in a charitable fund you have selected. You receive income tax benefits in the year you establish your trust.

Charitable Lead Trust You can place cash or property into a trust that pays a fixed amount to the Community Foundation for the number of years you select. Once this period ends, the assets held by the trust are transferred to the beneficiaries you name. In some cases, you receive a substantial reduction in federal gift and estate taxes.

Tax-Free Charitable IRA Transfer* You can make a gift of up to \$100,000 by transferring IRA assets to the Community Foundation. You must be at least 70 1/2 years old. If married, each spouse can transfer up to \$100,000 from their IRA.

* Donor Advised Funds are not eligible to receive tax-free IRA transfers.

Our investment options

ENDOWED FUNDS

Investment Objectives

- Provide grantmaking dollars, subject to a spending policy, to address immediate and evolving community needs.
- Preserve the original value of gifts to keep pace with inflation.
- Grow assets in real terms as market conditions allow, thereby adding greater resources to meet community needs in the future.

The Kalamazoo Community Foundation has two investment options for our endowed funds to ensure they serve the community forever:

Sustainable and Responsible Investment (SRI)

We offer a Sustainable and Responsible Investment account that utilizes commingled funds managed by firms that incorporate social, environmental and governance screens, considerations and restrictions in the management of their funds. Greenleaf Trust serves as the investment advisor. SRI funds contain 70 percent equities and 30 percent fixed income assets.

Conventional Endowed Funds

Conventional endowed funds at Kalamazoo Community Foundation contain 70 percent equities, 25 percent fixed income assets, and five percent real estate. This moderate growth strategy is managed by our core investment managers (see next page).

NON-ENDOWED FUNDS

Investment Objectives

- Provide grantmaking dollars to address immediate and future community needs.
- Preserve gifts in terms of inflation while providing moderate long-term growth without undue exposure to risk.

For non-endowed assets we employ an income and growth strategy of 50 percent equities and 50 percent fixed income. This investment option is appropriate for those funds that have a shorter time horizon.

Our investment performance is published in the the Community Foundation's newsletter, annual report and online at bit.ly/InvestmentsKZCF.

Core investment managers

The Kalamazoo Community Foundation's board of trustees and Financial Investment Committee establish investment policies and objectives, and monitor and review the investment performance of our core investment managers. Note that the Sustainable and Responsible Investment (SRI) accounts are managed by Greenleaf Trust.

Investment Manager	Strategy	Fee In Basis Points
BlackRock San Francisco	S&P 500 Index Portfolio	4.5 bp
Dimensional Fund Advisors Austin, Texas	US Large Cap Value Portfolio	27 bp
	US Small Cap Value Portfolio	52 bp
	US Micro Cap Portfolio	52 bp
	International Small Cap Value	69 bp
	Emerging Markets Value	56 bp
Vanguard Group, Inc. Valley Forge, Penn.	Real Estate Public Trusts	10 bp
RREEF America II, Inc. San Francisco Chicago New York	Real Estate Private Equity	75 – 120 bp
Jennison Associates Boston New York	Fixed Income US	25 bp
Vanguard Group Malvern, Penn.	Fixed Income US	10 bp
Loomis Sayles Core Disciplined Alpha Boston Detroit San Francisco Chicago	Fixed Income US	31 bp

Sample will and trust language

Suggested Will Language

One suggestion that some estate planners have for charitable gifts is to insert the following clause in every will that includes a charitable bequest:

I instruct that all of my charitable gifts, bequests and devises be made, to the extent possible, from property that constitutes "income in respect of a decedent" as that term is defined in the Internal Revenue Code.

General Will Language

I direct that all remaining assets comprising my estate (or a percentage, fixed amount, or particular asset) be distributed to the Kalamazoo Community Foundation with the request that such funds be utilized for purposes I may have from time to time recommended to the Community Foundation in writing during my lifetime.

General Trust Language

I direct that all remaining assets comprising the trust estate (or a percentage, fixed amount, or particular asset) be distributed to the Kalamazoo Community Foundation with the request that such funds be utilized for purposes I may have from time to time recommended to the Community Foundation in writing during my lifetime.

The wording in the General Language paragraphs is the preferred language because it allows your clients to address multiple charitable interests and provides the opportunity for them to revise their wishes easily without incurring the costs of a codicil being added to a will or revising a trust document. However, if your client desires to have the name of the fund(s) included, examples for specific fund types are available along with wording that is appropriate for a gift to an existing fund.

Important information about the Kalamazoo Community Foundation

The Kalamazoo Community Foundation is tax exempt under section 501(c)(3) of the Internal Revenue Code.

Legal Name Kalamazoo Community Foundation

Tax Identification Number 38-3333202

Brokerage Account PNC Bank
Kalamazoo Community Foundation
4100 West 150th Street
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1.412.768.6324
Acct. #21750654491102
DTC #2616

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Kalamazoo, MI 49007-3888

Telephone 269.381.4416

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Web kalfound.org

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Philanthropic Services & Development Team For a list of Philanthropic Services & Development team members, visit bit.ly/PSDmembers

Getting Involved We are always looking to add more perspectives to our Professional Advisor Council, a local community of ambassadors sharing philanthropy with their clients. Contact our team to learn more!

VISION

Kalamazoo County is the most equitable place to live.

MISSION

Mobilize people, resources and expertise to advance racial, social and economic justice.

FUNDING PRIORITIES

EQUITY

Making sure everyone can access the resources and opportunities they need to thrive so life trajectories improve, disparities in outcomes are reduced and unjust systems are changed, especially for community members who have been historically excluded, including Black, Indigenous and People of Color, people with disabilities, women and LGBTQ+ people.

EDUCATION

Increasing educational attainment from cradle to career, reducing disparities in academic outcomes and eliminating bias in discipline, curricula and school culture to achieve individual and community prosperity.

