

HELP TRANSFORM THE FUTURE

PROFESSIONAL ADVISORS & ESTATE PLANNING



TALKING TO CLIENTS ABOUT PHILANTHROPY

The Community Foundation of Anne Arundel County (CFAAC) appreciates the role that you, as your clients' professional advisor and trusted confidant, have in assisting clients with their financial affairs, estate planning, and charitable interests. We are available to work in partnership with you to identify the best approach to maximize both the tax benefits of your clients' charitable giving and the impact in our communities. CFAAC helps to simplify the process and offer your clients choices about personal recognition and involvement, with the flexibility of a private foundation.

As advisors know, clients frequently reach out for a consultation at the occurrence of a milestone event like a birth, death, graduation, retirement, sale of an asset, or move to another residence. It is precisely when these events occur that clients reflect on their values and the legacy they wish to leave. For some clients, their legacy means giving back to the institutions that helped shape their values or to organizations that are supporting their own hopes for the world.

CFAAC can help you with resources and tools to engage with your clients to discuss their values and how those values may be reflected in their charitable interests. Research shows that clients welcome their advisors' expertise and experience in helping to establish their legacy. Partnering with the Community Foundation of Anne Arundel County can help support those conversations.





CFAAC IS A GOOD FIT WHEN YOUR CLIENT...

- Wants to invest in the causes they care about most.
- Would benefit from personalized service tailored to their philanthropic goals and interests.
- Is interested in community issues and needs, and could benefit from the broad expertise of our professional staff.
- Hopes to involve their children in charitable giving.
- Wants to include charities in their estate plan.
- Is thinking about establishing a private foundation.
- Wants to develop a corporate giving program.
- Would like to discuss the possibility of donating through more complex forms of giving, such as closely held stock or real estate.
- Is about to experience, or has experienced, a significant life event such as the sale of a business or an inheritance.



GIVING OPTIONS

The Community Foundation of Anne Arundel County recognizes that each donor has unique philanthropic goals and objectives. Drawing on experience and creativity, we can help design planned giving solutions that address your client's specific needs and interests.

BEQUEST BY WILL OR TRUST

A bequest is perhaps the easiest and most flexible way to have a lasting impact on causes your client cares about. Their CFAAC Fund can be named as a beneficiary in a will or living trust, designating the gift of a specific dollar amount, a particular asset, a percentage of an estate, or the remainder of an estate once all of your client's other bequests have been fulfilled.

With a bequest, your clients maintain complete control of their assets during their lifetime and can save on income taxes, capital gains taxes, and estate taxes. Sample bequest language might be:

"I give to CFAAC, a Maryland nonprofit corporation, or its successor, Federal Tax Identification Number 52-2098698 [then insert the percentage, dollar amount, residual amount, or asset]." (Note if contingent upon the death of other heirs.)

For this and many types of gifts, your client would then fill out a simple agreement with CFAAC, ensuring their gift will be used as they direct. This agreement can always be changed should the charitable interests of the client change.

BENEFICIARY DESIGNATION

Their CFAAC Fund can be named the beneficiary of many financial resources in the same way as any other charity. These can include a client's IRA, 401(k) and other retirement plans, bank accounts, commercial annuities, life insurance policies, and other assets. It can be as simple as making their CFAAC Fund a full or partial beneficiary of these accounts. In most cases, they just need to complete a revised beneficiary designation form with the company holding the donor's assets. A beneficiary designation for a charity can reduce income taxes and possibly estate taxes for a donor's loved ones. This gift would then be used for your client's individual charitable interests.

TAX-FREE IRA GIFT

Qualified Charitable Distributions (QCD) offer a wonderful way to make a tax-free gift using a qualified retirement plan. This gift may also satisfy the required minimum distribution (RMD). If a donor is 70½ or older, they can rollover up to \$105,000 per year from their IRA as a charitable gift. The IRA administrator must transfer their gift directly to a charity such as CFAAC from a traditional or Roth IRA account. While the gift will not be taxed as income to the donor, they will not receive an income tax charitable deduction. A QCD cannot be made to a Donor Advised Fund, but a client can set up a Designated Fund prior to the rollover, or contribute to a Field of Interest Fund or one of the many other grant programs at CFAAC.

CHARITABLE REMAINDER TRUST

A charitable remainder trust provides either a fixed or variable income for life or a term of years. At the end, the trust assets are a generous gift to your client's fund at CFAAC. There can be significant tax benefits depending on the circumstances.

CHARITABLE LEAD TRUST

Your client can make a gift via an irrevocable trust designed to provide fixed annual payments to one or more charities for a period of time, with the remaining assets eventually going to family members or other beneficiaries at reduced tax cost.



CREATIVE GIFT STRATEGIES

Many of the assets that have accumulated over a lifetime can be used to make a gift to CFAAC. Using non-cash assets can save on income tax and possibly eliminate capital gains tax. **Here are examples to consider:**

PUBLICLY TRADED SECURITIES

Making a gift of any publicly traded stocks, bonds, and mutual funds that a donor has owned for more than one year can offer significant tax savings by helping them avoid capital gains taxation and providing them with a charitable deduction, all while offering impactful support.

REAL ESTATE

A gift of real estate, transferred now or through an estate plan, can support charities your clients care about while providing them with significant tax savings. A gift made during their lifetime can lighten the burden of an asset your client no longer wants or uses, such as a second home or vacation property. If the property serves as their primary residence, your client may want to consider donating the home now and retaining the option to live in it for the rest of their life.

CLOSELY HELD STOCK AND BUSINESSES

By making a charitable gift of shares in a closely held business, donors can deduct the appraised value of the shares if they have owned them for at least one year. We are happy to partner with advisors to determine the best strategy for any donor.

ESTABLISH A FUND

Establishing a fund at CFAAC is an easy and effective way for your clients to give to the causes they care most about. All that is necessary is a simple fund agreement and an initial gift to open the fund or an intention to create one via a planned gift. With either of these choices, a fund agreement ensures that your client's wishes will be implemented as they intended. Donors who give during their lifetime can make fully tax-deductible gifts to the fund when it is convenient for them and recommend grants to favorite nonprofits at any time using our online portal. We accept a wide variety of assets and can facilitate even the most complex forms of giving. We'd love to talk about how we can help you and your clients create a plan that meets their philanthropic giving strategy and financial goals.

TYPES OF FUNDS

- Donor Advised Funds
- Field of Interest Funds
- Scholarship Funds
- Designated Endowment Funds
- Designated Funds
- Nonprofit Agency Endowed Funds
- Legacy Funds
- Corporate Advised Funds



CHARITABLE INVESTMENT PARTNER PROGRAM

Your clients can choose CFAAC's Charitable Investment Partner Program, which gives them the opportunity to establish a charitable fund at CFAAC, while having a qualified investment advisor of their choice continue to manage their assets and retain investment management fees. Partner status is awarded to investment advisors/firms that pass a due diligence review undertaken by CFAAC's Asset Management Committee.

The minimum amount to start a Donor Advised Fund managed by a Charitable Investment Partner is \$500,000 with at least half of the beginning balance designated as endowed.

The Charitable Investment Partner Program is only available for new gifts; however, existing funds managed under the program may receive additional and/or planned gifts. Current Donor Advised Fund assets are not eligible to be managed by a Donor Directed Advisor.

BENEFITS OF CHARITABLE INVESTMENT PARTNER PROGRAM

TO THE ADVISOR:

- CFAAC provides philanthropic services for their clients, including vetting of nonprofits.
- IRS tax filings, processing of donations and grants are done by CFAAC.
- Your company logo is displayed on CFAAC's website, social media posts, and handouts.

TO THE CLIENT/DONOR:

- Full range of CFAAC philanthropic services are offered to your client and their family while they maintain the relationship with their asset manager.
- Access to online Donor Portal which provides 24-hour access to request grants, monitor fund activity, and review quarterly reports.
- Cost-effective charitable tools offered by knowledgeable staff who are passionate about supporting the donor's local community.

DONOR EDUCATION

- CFAAC's knowledgeable staff are available to meet with you and your client to create a charitable plan that seamlessly integrates their philanthropic intentions with your team's investment strategy.
- For more information, go to CFAAC.org or call today to schedule a meeting with CFAAC's Director of Gift Planning at 410.280.1102.

CFAAC DONOR ADVISED FUNDS VS. PRIVATE FOUNDATIONS

Considerations	CFAAC Donor Advised Funds	Private Foundations (PF)
Ease of Establishment & Tax Exempt Status	Fund is established immediately with a simple agreement and covered by CFAAC's tax exempt status	Corporation or trust required; IRS application for tax exempt status may take 6+ months to process
Start Up Costs	One-time fee of \$250	Generally, \$10,000-\$15,000
Assets Required	\$10,000 minimum (\$25,000 for an endowment fund)	Varies, generally \$2+ million, depending on foundation goals
Investment of Assets	CFAAC Asset Management Committee oversees investment policy	PF must establish policies, select investments, and pay associated fees
Tax Deductions for Cash Gifts	Generally up to 60% of Adjusted Gross Income	Up to 30% of Adjusted Gross Income
Tax Deductions for Appreciated Publicly-Traded Securities Gifts	Fair Market Value up to 30% of Adjusted Gross Income	Fair Market Value up to 20% of Adjusted Gross Income
Excise Tax on Investment Income	No Excise Tax	1.39% Excise Tax, with quarterly reports required
Payout Requirements	None	Annual minimum payout of 5% with penalties if minimum is not met
Annual Tax Filings & Returns	Filed by CFAAC; Donors do not have to keep up with legislative or IRS changes	Must be filed by PF with detailed reporting schedules and stay up to date on changing requirements
General Administration	CFAAC modest administrative fee is withdrawn quarterly	Trustees must perform the work, contract, or hire staff
Grantmaking Control	Donor may recommend grants to any Qualified 501(c)(3); Grants approved by the CFAAC Board of Trustees	Trustee appointed Board controls grantmaking to IRS Qualified Charities
Grant Administration	CFAAC staff verifies IRS status, distributes grants and confirms distribution	Trustees must perform the work, contract, or hire staff
Grantmaking Support	CFAAC monitors and researches nonprofits and offers expertise on local needs and nonprofits	Trustees must perform the work, contract, or hire staff
Privacy	Yes, fund size/grants are confidential	No, IRS 990-PF public record
Liability & Risk Insurance	Provided by CFAAC at no cost to donor	Must be purchased by PF

OUR PROGRAMS

While many people choose to establish and give to specific organizations through their own funds at CFAAC, there are also funds like the ones listed below, which exist to address a wide variety of needs within our community. Your clients can choose a fund like one of these if they prefer to give more generally. These funds are also eligible for IRA charitable rollover gifts. And, if giving to an endowed fund, your client may be eligible for 25% Endow Maryland tax credits only available through a Community Foundation in Maryland.

GRANT PROGRAMS

FUND FOR ANNE ARUNDEL: This Fund addresses critical needs and enhances the quality of life for county residents. Aligned with CFAAC's Community Needs Assessment Report, it currently supports programs that provide for the physical and mental health of children and families.

GRANTS 4 TEACHERS: Supports educators highly creative ideas that would otherwise be impossible to implement in the classroom due to school system funding constraints.

HELP OUR NEIGHBORS FUND: Provides urgent grants to nonprofits that help individuals and families with rent, utilities, job-related needs, and medical expenses, helping local families stay housed, healthy, and employed.

STRENGTHENING NONPROFITS FUND: Provides training opportunities for local nonprofit professionals, volunteers, and board members.

COMMUNITY CRISIS RESPONSE FUND: Offers flexible aid to local nonprofits following crises, supporting human services, emergency assistance, health, mental health, and education.

ARTS & CULTURE ANNE ARUNDEL FUND: Provides access for economically challenged individuals and families to engage in performing, visual, fine, and decorative arts, as well as literature and language.

ENVIRONMENT ANNE ARUNDEL FUND: Supports nonprofits that are working to protect and improve the environment in Anne Arundel County and the Chesapeake Bay.

WOMEN AND GIRLS FUND: Supports nonprofits that empower women and girls to lead positive, productive lives by addressing barriers, increasing economic security, and enhancing well-being.

PARTNERING WITH CFAAC

The Community Foundation of Anne Arundel County is a tax exempt, 501(c)3 publicly supported philanthropic organization, whose mission it is to inspire and promote giving in Anne Arundel County by connecting people who care with causes that matter. CFAAC helps to identify critical needs in our county, partners with donors to help them meet their philanthropic and financial goals, and promotes collaboration to help strengthen local nonprofits.

CFAAC works to build permanent funds whose earnings will be used to reinvest in the community year after year. As endowments grow, so will our ability to provide support for critical community projects, helping to ensure a vibrant and generous community that comes together to enhance the quality of life for all.



ANNE ARUNDEL ESTATE PLANNING COUNCIL

Anne Arundel Estate Planning Council (AAEPC) was created by a group of tax, legal, insurance, and financial advisors to provide a forum for local wealth planning professionals from various disciplines to exchange ideas and build relationships. AAEPC hosts educational and networking events for advisors each year, offering opportunities for its sponsors to gain exposure to Anne Arundel County's leading estate planning professionals.

Benefits include:

- Listing in the Anne Arundel Estate Planning Council Member Directory available at www.aestateplanning.org
- Complimentary admission to AAEPC programs
- Discounts to special AAEPC programs
- Invitations to members-only networking events
- NAEPC-brokered discounts and special pricing for marketing, media, software, and subscriptions
- Peer learning network for willing members to share information and informal technical advice with their AAEPC member colleagues

In addition to memberships, AAEPC offers sponsorship opportunities for the Council and its programs.



CONTACT US

CFAAC is here to provide support to both you and your clients, whether they are existing fund holders or just beginning to explore their personal giving plan options. We can add value to your practice by expanding your clients' knowledge of giving options, assisting with identifying and implementing their goals for charitable giving, and strengthening relationships. To tailor a plan for each client's particular needs, reach out for a consultation with CFAAC or invite us to join a client meeting. Consultations are always completely confidential, free, and without any obligation.



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