

ACCF GIFT POLICIES AND GUIDELINES
For Donor Use

July 2012
Updated: 2/8/2017

I. General Policies

Protection of Donors' Interests

The Foundation shall always consider the **interests** of our donors as the first priority in planning gifts. A donor may expect any representative of the Foundation to reflect the dignity and respect consistent with the charitable purpose of the Foundation.

Confidentiality of Information

Information acquired by any representative of the Foundation about a donor or the donor's assets or philanthropic intentions shall be held upon request in strict confidence. Donors will be encouraged to notify the Foundation of their planned gifts, including bequests, and all such information will be kept confidential if so requested.

Donor Restricted Gifts

Donors may choose to restrict the use of their gifts to any purpose consistent with the charitable purposes of the Foundation, so long as the restriction is general in nature and not contingent on specified future acts by the Foundation or any subsidiary of the Foundation.

II. Methods of Giving

GIFTS OF CASH

Most cash gifts are in the form of a check written by the donor. If the donor itemizes deductions, outright gifts of cash are fully deductible for federal income tax purposes up to 50% of adjusted gross income. If total gifts should exceed this limitation, the excess may be carried forward for tax purposes for up to five additional years.

GIFTS OF SECURITIES

Many donors prefer to gift stocks.

The Foundation accepts gifts of marketable, publicly-traded stocks and bonds. As a general rule, publicly-traded stocks and bonds contributed to the Foundation will be redeemed or sold as soon as practicable. All proceeds from such redemption or sale less commissions and expenses are then credited to the component fund to which the stocks or bonds were originally contributed. The Foundation may accept gifts of publicly-traded stocks and bonds in any amount to any existing fund.

Appraisal. No appraisal is required so long as the stock or bond is not subject to any restrictions, including those imposed by contract or the Securities Exchange Commission. Where appraisal is not required, the value of the gift is determined by calculating the mean of the high and low prices of the securities on the date of the gift.

GIFTS OF OTHER ASSETS

Many times, donors to ACCF have found that gifts of assets other than cash or securities

are an effective way to give. Such gifts will be valued at fair market value as determined by a qualified third-party appraiser, subject to IRS rules and regulations.

GIFTS OF REAL ESTATE

A donor may make a gift of real estate to ACCF when a buyer is in-hand. Upon completion of the transfer of the property to ACCF, the Foundation will sell the property immediately to the donor's qualified buyer (any exception to this policy would require Executive committee or Board of Trustees approval).

When a buyer is not in-hand the ACCF Executive Committee will consider for approval/non-approval the marketability of the property to include appraisal value, cost of holding the property and related items.

If a donor has owned his/her home, a vacation home, acreage, or a farm for many years, a charitable gift of that real estate can be especially tax-advantageous.

The property may have so appreciated in value over the years that its sale would result in a sizeable capital gains tax. If given outright instead, tax is avoided and, at the same time, a charitable deduction is realized for the full fair market value of the real estate.

A donor may also wish to consider a gift of his/her personal residence or farm, reserving the right to continue to live in the house or farm the property for life (and, if applicable, the lifetime of the surviving spouse). Through such an arrangement, the donor will be entitled to a current income tax deduction for a portion of the fair market value of the property. Real estate gifts may need to be approved by the ACCF Executive Committee.

EXCESS BUSINESS HOLDINGS

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

Donor advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. To prevent a violation of these rules, it is the Foundation's policy is to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

GIFTS OF LIFE INSURANCE

A gift of a life insurance policy that is no longer needed is a perfect vehicle for a charitable gift.

To receive a charitable deduction, name the Ashland County Community Foundation as both the owner and beneficiary of the policy. If the policy has a cash value, the donor is entitled to a charitable income tax deduction of the lesser of the policy's cash surrender value or the amount of premiums paid. In addition, if annual premiums are due, the donor may make annual contributions to ACCF each year for the premium payments and receive a charitable income tax deduction for the amount of premiums.

LIFE INCOME GIFTS

A life income gift allows a donor to transfer assets to ACCF, and yet continue to receive the income from the cash, stock, or other property contributed. A life income gift can allow the donor to: (1) increase his/her income for life; (2) receive a generous charitable contribution deduction; and (3) if stock is contributed, avoid any capital gains tax on appreciation.

CHARITABLE GIFT ANNUITIES

Seniors seeking a secure fixed income stream for life while fulfilling their charitable desires at death will find gift annuities very attractive. Benefits include receiving an income of up to 9.0% for life backed by the assets of ACCF, an immediate income tax deduction, and partially tax-free income. If funded with appreciated securities, the donor will enjoy a partial bypass of capital gains taxation on the securities. CGAs can be written for one life or two lives.

A **Deferred Gift Annuity** allows the donor to defer payment of the annuity to a later date, for example retirement, and receive a higher current income tax deduction and receive a higher rate of return on the annuity payments.

CHARITABLE REMAINDER TRUSTS

A life income gift is often made through a trust arrangement called a "**unitrust**" or an "**annuity trust**." With a unitrust, the donor and/or spouse (or another beneficiary) receive annually a fixed percentage of the fair market value of the assets in the trust. The income received will vary from year to year, based upon how the trust's investments perform. With an annuity trust, the donor and/or spouse (or other beneficiary) receive a fixed amount from the trust. This amount is agreed upon when the trust is created; it stays constant, no matter what happens with the stock market or interest rates.

A **charitable lead trust** is also an option and would provide income to the Foundation for a set term of years, after which the remainder may be transferred to the donor's family or heirs.

ESTATE NOTES

Single life and two-life agreements are available with ACCF. The donor(s) agree to a specific amount/or percentage of estate without interest. If the payment has not been made

during the donor(s) life time, the estate note provides payment be made as a debt of the estate(s).

The Ashland County Community Foundation agrees to use the money in the manner described in the estate note, and to acknowledge receipt of each designated lifetime gift and provide documentation of the remaining unpaid balance of this note.

BEQUESTS

Frequently, people desire to make a significant current gift to the community through the Foundation, but feel that their generosity must be tempered by financial responsibilities they have to themselves and their loved ones. Charitable bequests provide flexibility since they may be changed at any time, and can be made in memory of loved ones.

The Ashland County Community Foundation can be named as a beneficiary in a will in any one of a number of simple ways, and the donor's estate will be entitled to a charitable deduction for the full, fair market value of the gift.

- **General Bequest**
- **Specific Bequest**
- **Residuary Bequest**
- **Percentage Bequest**
- **Contingent Bequest**

III. Administration

Gift Selection

In general, the Foundation may accept any gift that is provided for in law or custom so long as such gift is consistent with the other provisions of the Foundation's policies and guidelines. The Board of Directors determines that the Foundation may emphasize or concentrate its efforts on encouraging one form or type of gift. At all times, however, preferences of the donor, shall be more important than the Foundation's preference for charitable gifts.

Planned Giving

It is the policy of the Foundation not to enter into planned gift arrangements that do not reflect at least some donative intent on the part of the donor. Unless otherwise restricted by the donor, planned gifts will become part of the Foundation's endowment upon maturity. These funds may, at the discretion of the Board of Directors, be used for any of the charitable purposes of the Foundation. A donor may choose to restrict a planned gift to create an endowment fund upon maturity. Those funds will be held in perpetuity and the earnings they generate will be used for the purposes designated by the donor provided that such purposes meet the criteria specified by the Foundation. Donors may designate their endowments to be Personal Endowments, which will carry the name designated by the donors, and distributions from those funds will be given to the Foundation or other Foundation services in the name so designated.

IV. Foundation Services

The Foundation will provide documents and other materials as well as information that will expedite charitable gifts without cost.

The solicitation, planning and administration of Foundation gifts is a complex process involving the donor's philanthropic, personal, tax and financial considerations. For this reason, donors are encouraged to seek the counsel of legal, tax, and other experts (gift planners) who represent clients in the planning process and in implementing gift decisions. The Foundation shall not pay any fee or commission, directly or indirectly, for this service.

No person in the employ of the Foundation may accept any compensation or material benefit from a donor as a result of the gift planning process.

k:\office, maintenance\accf gift policies and guidelines external-draft i.docx