STURGIS AREA
COMMUNITY FOUNDATION

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.

Adapted from Top Ten Reasons Why You Should Discuss Philanthropy with Your Clients by New Ventures in Philanthropy, a national initiative of the Forum of Regional Associations of Grantmakers.

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 the Sturgis area?**
- **Is there something about Sturgis/White Pigeon/Constantine 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

Fund Type	Establishing Gift	Minimum Value for Grantmaking	Annual Fee	Endowment Required
My Community's Greatest Needs	$5,000	$10,000	1.5%	Yes
Unrestricted resources are used to support community needs, as well as support the work of organizations that are collaborating with others to make long-term, transformational change. These funds may be established with an initial gift of $5,000. On or before the third (3rd) anniversary of the signing date of the fund agreement, the endowed balance of the fund must be brought, through contributions, to $10,000.				
Field-Of-Interest	$5,000	$10,000	1.5%	Yes
*Field-of-Interest Funds support specific areas of need such as housing, health or education. *These funds may be established with an initial gift of $5,000. On or before the third (3rd) anniversary of the signing date of the fund agreement, the endowed balance of the fund must be brought, through contributions, to $10,000.*				
Donor Advised	$5,000	$10,000	1.25%	No
Donors suggest grants from these funds to the nonprofits of their choice. Grants can be distributed within or outside St. Joseph County.				
Designated	$5,000	$10,000	1% Endowed 2% Non-indowed	No
Designated Funds are established for the benefit of specific nonprofit organizations.				
Scholarship	$5,000	$25,000	2.25%	Yes
Scholarship Funds provide support for students pursuing post-secondary education.				

Any of the fund types shown above can be established over the course of time. All funds require a minimum contribution, starting at $5,000, that varies by fund type. Grantmaking from the fund does not begin until the fund reaches the minimum value. No fee is assessed on the fund in its first year.

Comparing three approaches to giving

Items to condsider	SACF Donor Advised Fund	Commercial Gift Fund	Private Foundation
Donor Involvement	Donor recommends grants to qualified nonprofits. Grants are approved by SACF 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	Fair market value 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 cost	None	None	Several thousand dollars for legal and accounting expenses and filing fees
Fund value	Minimum to establish is $5,000; donor has three years to bring balance to $10,000.	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	SACF handles reporting	Financial institution handle 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 Community Foundation 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 $111,000 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 $111,000 from their IRA. (2026 update)

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

SACF investment policy

Investment Objectives for Endowed Funds

- 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.

Core investment managers

The Sturgis Area 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 with the guidance of an institutional investment consultant IPEX, Inc.

Investment Strategy

SACF employs an institutional investment strategy in which 65 percent are invested in equities, 20 percent in fixed income vehicles, and 15 percent in alternatives funds. We are committed to an investment strategy of disciplined asset allocation, regular rebalancing, minimizing fees and expenses, and not reacting to near-term market pressures or new investment fads.

Market Value of Investments as of 3/31/23: $26,972,816.24

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 Sturgis Area 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 Sturgis Area 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 Sturgis Area Community Foundation

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

Legal Name

Sturgis Area Community Foundation

Tax Identification Number

38-3649922

Brokerage Account

Receiving Firm: The Northern Trust Co.

Account Number: 17-78711

DTC: 2669

Address and Contact Info

214 W Chicago Rd.
Sturgis, MI 49091

Telephone	269.659.8508
Web	sturgisfoundation.org
Email	sacf@sturgisfoundation.org

Donor Relations Team

For a list of SACF Staff and Board Members visit www.sturgisfoundation.org/leadership

Getting Involved

We are always looking to add more perspectives to our committees. For more information on existing committee opportunities, email sacf@sturgisfoundation.org.

Mission

To make a positive, lasting impact in local communities through charitable giving, leadership, and action.

STURGIS AREA
COMMUNITY FOUNDATION