



Smart Money

Community Foundation News for Advisors



Fall 2018

A PUBLICATION OF THE CENTRAL NEW YORK COMMUNITY FOUNDATION

Annual Continuing Education Seminar

Charitable Remainder Trusts: Continuing Education for Professional Advisors.
Presented by:

Philip L. Burke, Esq., Partner and Chair of Woods Oviatt Gilman Family Wealth and Estate Planning Department.

October 23, 2018
7:30 am-10:00 am
Crowne Plaza Syracuse,
701 E Genesee Street,
Syracuse, NY 13210

2 hours of continuing education credit are approved for the following:

- Certified Financial Planners (CFP)*
- Continuing Legal Education (CLE) - Difficulty of the course is appropriate for both newly admitted and experienced attorneys.
- Continuing Professional Education for CPAs (CPE)

2 hours of continuing education credit are pending for the following:

- Life & Health Insurance Certification (CE)

*A certificate of attendance will also be provided for PACE reporting for ChFC® and for other self-reported continuing education such as CWS® designations.

Register at
cnycf.org/PAevents.

Using the Charitable IRA Rollover to Jumpstart Legacy Giving

Many advisors encounter clients who do not look forward to taking required distributions from their retirement accounts. This may be because they do not need the extra income and want their funds to stay invested. Most often, though, it seems clients do not like the additional taxes they have to pay.

Let's take the example of a couple, Jack and Diane, who reached this crossroads a few years ago. They want to use their required minimum distribution to accomplish their charitable goals while also avoiding taxes. Fortunately for them and others in their situation, there is a way to make this happen.

How does it work?

First, the client has to be eligible, which means they have to have an IRA and need to be at least 70.5 years old. Then, a client can make the distributions directly to charities up to \$100,000 per year. These direct distributions even count towards the client's required minimum distributions (RMDs).

When using the charitable IRA rollover for a gift to the Community Foundation, the gift must be directed to a permanent fund. The *Pension Protection Act of 2006*, which created the charitable IRA rollover, specifically prohibited transfers to donor-advised funds or to private foundations. Therefore, the Community Foundation will work with your client to create a permanent legacy fund. A legacy fund is a fund that the donor creates to carry on their charitable wishes forever. A legacy fund can be structured in several ways:

- It can fund the greatest needs of the community each year. This is determined using a competitive grantmaking process at the Community Foundation through which non-profits apply for support.
- It can support a field-of-interest such as programs to reduce poverty or care for animals.
- It can also be designated to support certain nonprofits.

No matter how it is designed, the fund becomes a permanent part of our charitable support in the community. The donor may make additional gifts to the fund both during their lifetime and through their estate. The Community Foundation will steward this fund in perpetuity as nonprofits or charitable needs change in our community.

For Jack and Diane, this tax-advantaged opportunity was a no-brainer. Having spent more than 40 years living and working in Central New York, the couple knew they wanted to do something to give back to the community that had given them so much. They had each served on numerous nonprofit boards and remained civically engaged through various volunteer efforts. Diane, a retired teacher, and Jack, an engineer, each had their own list of preferred charities and found it difficult to choose which ones should receive their support. Community Foundation staff worked with them to develop a tailored giving plan based on their overarching goals for community impact and how they wish to be recognized and remembered in the community. Ultimately, they opted for a field-of-interest fund for literacy and S.T.E.M. education, as well as a named community fund. The multi-purpose interest areas reflect each of their individual passions, while still allowing for flexibility based on changing community needs.

Since the funds were initially seeded through charitable IRA rollover gifts, Jack and Diane have been able to see the results of their "planned giving" in action. With help from the Community Foundation, they were also able to craft a document that captured information about their lives, values and

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Contact Us

Our development team is available to assist you with the information and tools that help your clients achieve their charitable goals.

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connection to the community that may be shared with organizations benefiting from their generosity. This document will be kept on file at the Community Foundation to give context to their gifts and preserve their charitable legacy for generations to come.

Benefits

For advisors, you can help your clients avoid unnecessary RMDs and your clients get the fulfillment of creating their legacy plan now and seeing immediate impact. Talk about a win-win!

We can work with you and your clients to facilitate gift acceptance, legacy fund discernment and story preservation. The process that the Community Foundation uses to plan a legacy fund involves understanding the donor's background and charitable intentions. Since the fund is designed to last forever, we will utilize the donor's background and charitable intentions when the fund was created to sustain its impact as our community changes over time.

To learn more about charitable giving and funds at the Community Foundation, contact Tom Griffith, Director of Gift Planning at tgriffith@cnycf.org. Visit www.cnycf.org/IRA for key benefits summary.