



PLANNING YOUR FUND

How wonderful that you want to know more about establishing a Fund in the Community Foundation. We will be proud to work with you to further your philanthropic goals.

As you consider a fund, there are several points you should know and some questions you must answer for yourself. The most important understanding is that in order for the IRS to allow a deduction for a charitable gift, the gift must be irrevocable to the Foundation and the donor must relinquish control of the asset. However, the IRS does permit donors to remain involved in the charitable grant making from a fund they establish, by permitting donors to make grant suggestions or recommendations, which are subject to review by the Foundation's Board of Directors. This is the basic premise of a *donor advised* fund.

You may wish your fund to benefit one or several charities directly. In this case, you would establish a *designated* fund, naming those charities you select.

Should you wish to establish a fund to benefit a particular cause, but not a particular charity, you would indicate a *field of interest* for your fund. The Board of Directors of the Community Foundation would then determine which particular charity or project would receive the funding. If you wish to benefit the communities of DeWitt, Livingston, Logan, and McLean Counties in perpetuity, for the changing needs of the future, your fund would be an *unrestricted* fund.

Other points to understand:

1. Neither the donor nor any person related to the donor may receive any tangible benefit or privilege in return for a distribution from the fund.
2. No distributions will be used to discharge or satisfy a legally enforceable pledge or obligation of any person, including the donor.
3. The fund shall be a component part of the Foundation, not a separate trust, and the agreement establishing the fund shall conform to the requirements of federal tax laws to maintain the status of the Foundation as a Section 501(c)(3) organization (IRS Code of 1986 and any future provisions).
4. The fund will be charged regularly for a proportionate allocation of direct and indirect expenses attributable to its creation and maintenance, according to a fee schedule adopted from time to time by the Foundation's Board of Directors.

You must decide the following about the fund you want to establish.

1. Shall the fund be an endowment (grants are made from the earnings only)? Yes___ No___
2. And/Or, shall it be a pass-through fund where all of the fund may be granted? Yes___
No___
3. What shall I name the fund?

4. Would I like to restrict the use of the fund in some way? (designate a charity, indicate a field of interest to which grants will be made, specify a geographic area, etc.)

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5. For a Donor Advised Fund, who shall be able to advise the Foundation re: grants from this fund? I alone? Yes___ No___ My spouse and I? Yes___ No___ A committee? Yes ___ No___ (appointed as follows:)

After my death (and the death of my spouse, if appropriate), or if I fail to advise on grants from the fund, who shall the successor advisor(s) be? The Community Foundation Board of Directors? Yes___ No___ My children Yes___ No___ (named:) _____

Someone else? Yes___ No___ (named:)

NOTE: We'll also need addresses of any other named advisors.

6. After my death, or at the end of the advisement period as established above, I want any residuary assets in my fund to be handled as follows: (see note below)

a. ___Become a part of the Foundation's permanent unrestricted endowment

b. ___Be added to an existing fund (fund name:)

c. Continue as a named endowment fund (\$20,000 minimum) as

i. ___a designated fund (earnings to go to:)

ii. ___a field of interest fund (earnings to go to education, the arts, etc. – field:)

iii. ___an unrestricted fund.

d. ___Be poured into a fund at the Community Foundation that is created and funded by instructions in my will.

Note: It is important to understand that should you wish later to change any charities named as beneficiaries of your fund, you may only *remove* them, i.e., release the restrictions. You will not be able to add a new charity as beneficiary.

After you have considered the above questions – hopefully with your family, and (we recommend) also with your legal/financial advisors – we will finalize details with you. We want to be sure any Foundation policies are carefully explained, and that we have structured the fund to our mutual understanding and greatest benefit. Finally, a formal agreement will be signed by you and by the Foundation. Then, we will be full partners in philanthropy and begin giving back to our communities.

Name(s) of Founding Donor(s)		Date
Street		
City	State	Zip
Day Phone		Home Phone