What Deferred Gifts Offer Our Donors

Donors to The Oregon Community Foundation are people who have worked hard to achieve their goals. They believe in and support a wide range of causes and institutions. You can join these donors by making a deferred gift (sometimes referred to as a planned gift) to OCF. When you develop your will or estate plan with your professional advisors, carefully review your assets to create a successful plan that includes charitable giving.

While our “Guide to Deferred Giving” is addressed to donors and potential donors, it also has important information for financial and legal advisors.
The Benefits of Making a Deferred Gift

You can:

• Provide meaningful support for charities.
• Benefit from significant tax savings.
• Enjoy an increase in your spendable income (for some donors).
• Provide income for other individuals.
• Solve estate-giving and tax issues.
• Provide security for family members through your estate.

For more information, please visit our website at www.oregoncf.org.
Thousands of Voices
Hundreds of Volunteers
Eight Regions
One State

The Oregon Community Foundation connects private giving to public good – in every corner of the state. A leading philanthropic force in Oregon since 1973, we are building a permanent endowment for the future of our state.

Thanks to our donors, OCF helps preserve Oregon’s cherished history and address the state’s changing needs.

The Oregon Community Foundation

Here for Oregon. Here for Good.

The Oregon Community Foundation
The Jack and Kate Mills Family Fund

Both Jack Mills and his wife, Kate, are fourth-generation Oregonians, having grown up in Portland with parents who stressed the importance of giving back to their community. During his years working with U.S. Bank, Jack volunteered with many organizations, including Timberline Lodge and the Oregon Arts Commission.

With a deep knowledge of the nonprofit community, the Millses became familiar with OCF. So when they thought about setting up an advised fund, they knew where to go to establish it.

“The staff at OCF helped me figure out a way I could have a fund and also have income. And I knew and liked what OCF was doing in the community,” said Jack. “I think OCF is tops.”

After retiring, Jack and Kate moved to Hood River, where both continue to volunteer. And OCF continues to be not only a fund manager, but a community resource for them. “The staff has been helpful with a number of organizations in Hood River,” Jack said.

Jack and Kate want their commitment to the state to continue, so they have set up a second fund that their four sons advise. Besides being a way to continue their legacy of community support, “OCF is a great place to put your money,” Jack said.
Why Give Through OCF?

OCF allows you the flexibility to customize your giving and provides efficiency by reducing or eliminating administrative overhead. You can confidently plan and make your gift with the help of OCF’s experienced staff, who will coordinate with your professional advisors.

The financial value of your fund will benefit from being part of a large, professionally managed portfolio. And because OCF is a public charity, depending on your circumstances, you can receive the maximum tax advantages.

Perhaps most important, your fund can be permanent, always serving a useful purpose.

“Our children get the income now from the trust, and when they are no longer alive, the funds will go to OCF to help children and educational programs in Southern Oregon. Once we met with the staff, we had the confidence in OCF that they would do what we wished with our funds to help our community.”

– Jack and Sally Stout, Medford
Types of Deferred Gifts

OCF offers four deferred gift types: simple bequests, charitable remainder trusts, charitable lead trusts and gift annuities. Because deferred gift planning can be complex and there are variations within each gift type, we recommend that you plan your gift in consultation with your financial and legal advisors and a charitable gift planner.

Bequests

A bequest is made through your will or living trust. Your bequest to charity can be stated as a set amount of cash, securities or other assets; “the residue” or “a percentage of the residue” of your estate. Or you can make the charity a contingent beneficiary of your estate – that is, a beneficiary only if your other named beneficiaries are no longer living at the time of your death. Beneficiary designations can also be made from your retirement assets or life insurance policies.
Benefits of Making a Bequest

- A bequest is revocable, which means the donor can change his or her mind at any point before the time of his or her death.

- A donor who leaves a bequest to charity is able to take an estate tax deduction of 100 percent of the value of the gift.

- A bequest of retirement plan assets can reduce the value of a donor’s estate and ensure that more funding goes to support the work of nonprofits, because assets pass to charities free of estate and income taxes.

Bequest Guidelines

OCF can provide donors or their legal advisors with bequest language for inclusion in a will. OCF prefers that a testamentary fund agreement accompany the bequest. Please refer to our website at www.oregoncf.org or our “Guide to Giving” brochure for additional information on our wide variety of flexible fund options.

Charitable Remainder Trusts

A charitable remainder trust is created when a donor makes an irrevocable transfer of property to create a trust. The trust provides a distribution at least annually to one or more beneficiaries, for either their lifetimes, a fixed term not to exceed 20 years or a combination of the two. Donors may name spouses or others as trust beneficiaries or co-beneficiaries and also may name successor beneficiaries, usually for a term of 20 years or less. After the term of the trust ends, what is left – the remainder interest – is donated to charity.

Assets commonly used to create a charitable remainder trust are cash or highly appreciated assets such as real property or stock.

A Charitable Remainder Unitrust pays a fixed percentage for the trust assets (valued annually) to the income beneficiaries for the term of the trust. The minimum payout percentage (distribution) is 5 percent.

A Charitable Remainder Annuity Trust pays a fixed dollar amount annually.

A Charitable Remainder Unitrust-Net Income Unitrust provides payments of either a fixed percentage of the trust’s annual value or the net income of the trust, whichever is less.
Benefits of Creating a Charitable Remainder Trust

• As a donor, you have the right to receive income from the trust or to create an income stream for other beneficiaries.

• You are entitled to a partial federal income tax charitable deduction in the year(s) the trust is funded or an estate tax charitable deduction for trusts funded at death.

• You do not incur immediate capital gains tax on the gifting of highly appreciated long-term assets.

• You can choose which charitable organization(s) benefit after the trust ends.

• You can choose the trustee; whether the payment is fixed or fluctuating; the term of the trust; and, to some extent, the amount of the payment.

Charitable Remainder Unitrust and Charitable Remainder Annuity Trust Guidelines

OCF will consider acting as trustee of a charitable remainder trust that meets these general guidelines:

• The minimum age of each beneficiary is 55 years.

• The payout percentage to the income beneficiary is between 5 and 7 percent.

• The minimum gift amount is $100,000. You may make additional contributions to a charitable remainder unitrust, but not to an annuity trust.

• OCF is named as the irrevocable remainder beneficiary to support the causes of your choice. (See page 8.)
Charitable Lead Trusts

A charitable lead trust pays either a fixed or percentage amount to the designated charitable organization(s) during the term of the trust (usually a number of years). The remaining assets are returned to the donor or, in most cases, transferred to family members.

A charitable lead unitrusts pays a fixed percentage of the trust’s assets, valued annually. A charitable lead annuity trust pays a fixed dollar amount each year, which is determined at the start of the trust.

Unlike charitable remainder trusts, charitable lead trusts are not tax-exempt trusts. Therefore, charitable lead trusts are subject to all the same income and estate tax rules as other nonexempt trusts.

Benefits of Creating a Charitable Lead Trust

• A charitable lead trust can reduce and/or offset potentially high gift and estate taxes on property passing to heirs (typically grandchildren).

• You can choose which charitable organization(s) receive an income stream from the trust.

• You can receive the remainder amount or specify another person or persons to receive the remainder.

• You can choose the trustee; whether the payment is fixed or fluctuating; the term of the trust; and, to some extent, the amount of the payment.

Charitable Lead Trust Guidelines

OCF will consider acting as trustee of a charitable lead trust on a case-by-case basis.
Gift Annuities

A charitable gift annuity is a contract between the donor and a charity. The donor transfers an irrevocable gift of cash or marketable securities to a charity. In exchange, the charity agrees to pay one or two annuitants a fixed sum each year for life. The older the designated annuitants are at the time of the gift, the greater the fixed sum the charity can agree to pay. In most cases, part of each payment is tax-free, increasing each payment’s after-tax value. A deferred charitable gift annuity contract pays the first quarterly installment on a specific date in the future.

Benefits of Creating a Gift Annuity

• A relatively modest gift can provide you with income and ultimately benefit a charity.

• The annuitant can count on a fixed income stream for life.

• You can create a gift annuity with a low-paying income asset, such as stock or certificates of deposit, and realize a higher income stream.

Charitable Gift Annuity Guidelines

OCF will consider issuing gift annuity contracts for charitable gift annuities that originate in Oregon and meet these general guidelines:

• The minimum age of the annuitant is 60 (55 for deferred gift annuities).
• The annuity rate does not exceed the rate published by the American Council on Gift Annuities (www.acga-web.org).

• The minimum gift amount is $25,000. A donor may not make additional contributions to a gift annuity.

• The gift asset is cash or marketable securities.

Costs of Charitable Trusts and Gift Annuities

OCF does not charge a fee for serving as trustee of charitable trusts or issuing charitable gift annuities. However, direct expenses incurred in administering and investing deferred gifts are charged to the trust or gift annuity reserve. These expenses include:

• Third-party trust administration and investment management fees, currently about 0.8 percent of market value per year. OCF’s current administrator and investment manager for most deferred gifts is Kaspick & Company.

• Legal expenses for preparation or review of trust documents.

• Expenses associated with completing due diligence on noncash assets (for example, an environmental assessment of real property).

• Expenses to insure and maintain non-cash assets prior to their sale.
• When a trust is created with a non-cash asset, such as real property, an additional cash donation may be required to cover the above expenses. A donor may incur additional expenses in creating or funding a deferred gift. For example, IRS rules require a donor to obtain a qualified appraisal for most gifts of non-cash assets (except marketable securities), an expense that cannot be paid by the trust.

Charitable Use of Trust and Gift Annuity Proceeds

Distributions to OCF from remainder trusts and charitable lead trusts may establish a permanent, named OCF fund in support of charities or purposes that the donor chooses. If OCF serves as trustee, at least 50 percent of the charitable distribution is required to either be added to an existing OCF fund or used to create a new permanent fund at OCF. The remaining 50 percent may be distributed directly to your charities of choice. You also may retain the right to modify the use of the fund or the charities (excluding OCF) named in the trust agreement during your lifetime.

OCF holds the full value of a gift annuity in reserve until the contract expires. If the original value of the gift annuity was $100,000 or more, the remainder can create a permanent, named OCF fund in support of your charitable interests. If the original value of the gift annuity was less than $100,000, the remainder is directed to one of three OCF funds: the Oregon Fund, the Oregon Scholarship Fund or the Administrative Endowment Fund. Under special conditions, the remainder can be directed as a permanent addition to an OCF Endowment Partner fund.
Gift Acceptance Review

All deferred gift conditions and terms, including acceptance of non-cash assets, must be approved by OCF’s deferred gift acceptance committee prior to preparation of trust documents or a gift annuity contract by OCF counsel, or review by OCF counsel if documents are prepared by an outside party.

The Foundation will consider acting as successor trustee to existing charitable remainder trusts if the trust complies with Foundation policies.

Trust Administration

OCF currently employs Kaspick & Company as its trust administrator. Kaspick is a recognized national leader in trust administration. Each new trust is invested in an asset mix that takes into consideration the payout requirements, the estimated life of the trust and the expected total return.

To learn more, please visit our website at www.oregoncf.org to locate the OCF charitable gift planner nearest you.

OCF may not provide tax or legal advice. All donors are encouraged to consult with their own tax and legal advisors.

All trust documents should be reviewed by the donors’ professional advisors.
Creating an OCF Charitable Fund With Your Deferred Gift

At the time you set up your deferred gift, an Oregon Community Foundation charitable gift planner also will help you establish a fund agreement. This agreement will establish a fund to support the causes you care about. The assets used to establish the fund are invested and paid out in grants by the Foundation. OCF has gift planning staff in six offices around the state.

Your fund is yours to name as you wish:

• For the donor or the donor’s family.
• As a memorial or to honor someone special.
• Anonymously.
• To reflect the fund’s charitable purpose (e.g., Oregon Children’s Health Fund).
• After a place or concept that holds special meaning to you.

You can determine the permanence of your fund by creating:

• A permanent, endowed fund.
• A wholly expendable fund.
• A “hybrid” fund that may distribute principal and accumulated earnings as long as the fund maintains a balance of at least $50,000.
Choosing a Type of Fund

Discretionary (Unrestricted)
Donors wanting to make a broad impact and address prevailing needs can establish an unrestricted fund that benefits our overall charitable mission. OCF makes grants from these funds to nonprofit organizations providing educational, health, human and cultural services to Oregonians.

Donor Advised Fund
As a fund advisor, you actively participate in grantmaking to nonprofit organizations. You can share your observations with OCF staff about specific charitable needs that are of interest to you, and our staff can inform you of projects or organizations that we feel match those interests. You also may name successor advisors, such as your children, to carry on your family legacy.

Field-of-Interest Fund
Many donors have deeply held interests, and we help them direct grants to those causes. You also can make grants focused within a specific geographic area in Oregon.

Designated Fund
If you have one or more charitable organizations in mind, you may name the groups to receive distributions from the fund.

Scholarship Fund
A scholarship fund allows you to design criteria for the award of academic or vocational scholarships to graduates (or the equivalent) of certain schools or to graduates in general of Oregon high schools. You may establish other scholarship criteria as well.
Investment Policies

Each individual deferred gift (charitable remainder trust, charitable lead trust or gift annuity) is invested in a well-diversified separate portfolio after taking into consideration the specific needs of the deferred gift donor. Careful consideration is given to the nature of taxable income distributed by charitable remainder trusts, in order to maximize the benefit to charitable remainder trust beneficiaries. Whenever possible, charitable remainder trusts, charitable lead trusts and gift annuities are invested to provide growth of the investments while also ensuring that payout targets are met.

For a free consultation, contact an Oregon Community Foundation charitable gift planner at the regional office nearest you. See the back cover for a complete listing of these offices.

Our gift planning services also are available to legal and financial advisors to assist them in better serving their clients.
The mission of The Oregon Community Foundation is to improve life in Oregon and promote effective philanthropy.

OCF works with individuals, families, businesses and organizations to create charitable funds to support the community causes they care about. Through these funds, OCF awards more than $60 million annually in grants and scholarships.

To create your legacy today, call your local OCF office.

To learn more, visit www.oregoncf.org or e-mail giftplanning@oregoncf.org.