

PLANNED GIVING TOOLKIT

Secure
your future



So much simpler
than you might
have imagined

Any organization
can do it

Get started
quickly

IT'S EASIER THAN YOU THINK

Learn how to leverage billions of dollars across Iowa to fulfill your organization's mission.



**COMMUNITY
FOUNDATION**
OF NORTHEAST IOWA

here for good.

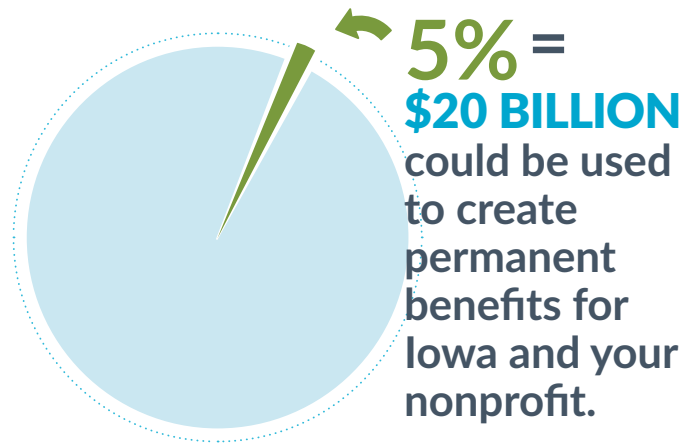


WHY NOW? \$400 BILLION IS WHY

During the next thirty years, Iowa residents will transfer almost \$400 billion in assets between generations. Much of this wealth is currently invested in family homes and farms, retirement accounts and other appreciated assets-some of which may be heavily taxed if given to heirs. People don't have to be billionaires to make a planned gift; there are options for people with only a few personal assets. The result is philanthropic potential that exceeds any period in the region's history. If only 5% of this wealth was earmarked for charitable endowment, the resulting funds would generate hundreds of millions of dollars every year for local community projects and priorities across the state-forever.

Picture it. Just ONE planned gift could:

- Allow an all-volunteer organization to hire one full-time staff member
- Fund the purchase of a building or office
- Provide a revenue cushion during hard economic times
- Feed more families, fund more arts programs, save more animals, shelter more homeless people... or make your mission a reality in your community



Overall Projected Transfer of Wealth from 2020-2049
(\$398.25 BILLION TOTAL)

Data from Community Vitality Center, Transfer of Wealth Study

“ It’s not worth my time... ”

Actually, billions of dollars will change hands among Iowans over the next several years. Just a small piece of that can sustain your organization.



WHAT IS PLANNED GIVING, ANYWAY?

Planned giving is the transfer of assets (e.g., real estate, stock or life insurance) to a designated nonprofit organization during a lifetime or upon someone's passing. Usually this happens via a will or other written means. The giving is "planned" because often these assets are not liquid, have tax consequences or can be used to simultaneously generate income for donors.

PLANNED GIVING BASICS	
What is it?	Why is it important?
Gifts of assets that require more planning	Gives your donors a unique way of supporting your organization
Gifts of assets that generate income for donors	Provides potential tax income benefits for your donors
Gifts created in perpetuity	Takes advantage of current market trends

WHY PLAN? BECAUSE STUFF HAPPENS

People in a variety of circumstances and life stages can benefit from a planned gift. Planned gifts are really just preparing for or reacting to life's events: a windfall from the sale of a business; the need to generate a revenue stream for elderly parents; the desire to counter an increase in one's tax liability; the birth of a child or grandchild; the establishment of a trust; annual planning; or the acquisition of new assets.

People have many opportunities to review their future giving plans, so it is never too soon to plant the seed for planned giving. Careful estate planning can also help people live a legacy as well as leave a legacy.

THE TOOLS YOU NEED TO GET STARTED

Diversification of funding sources is essential as government money grows unreliable and requires more administrative time and support. Individual giving, then, is more important than ever – and planned giving is an essential component to long-term individual giving success. Individual donors rarely require the endless reporting and evaluation requirements of institutional funders. Start with the people you know...who know you best.

One or two planned gifts can make a difference to many organizations.

The materials found on our website at www.cfneia.org/npfundresources will save you time, so you can spend it on building and deepening your relationships with donors. They will help you:

- Engage your board of directors
- Deepen relationships with donors and make the “ask” easy
- Gain the confidence and language you need to start conversations with donors and follow through
- Set up planned giving information for websites, annual reports, etc.
- Nonprofit fundholders with the Community Foundation of Northeast Iowa receive a custom flyer to promote their fund with their donors.

Consult the customizable templates at www.cfneia.org/npfundresources for all the details you need to get started.

Business Equity Residence
CASH Savings Account
Farmland
MoneyMarketAccounts **REAL ESTATE**
Stock Certificates
LIFE INSURANCE POLICY Checking Account
CDs **BONDS**

“ We don’t know rich people...”

You don’t need to. Planned gifts are appropriate for donors of all means.



YOU DON'T HAVE TO BE AN EXPERT, JUST KNOW ONE

Planned Giving Partners

Don't be intimidated by the legal and financial issues associated with different types of planned gifts. You don't have to be an expert, you just need to know one. There are resources for both your organization and your donor that offer experience in setting up different types of planned gifts.

The Community Foundation of Northeast Iowa can help you get started. Contact CFNEIA's development team at 319-287-9106 or development@cfneia.org and let the experts help take it from there.

Community Foundation of Northeast Iowa

The Community Foundation of Northeast Iowa (CFNEIA) is a public charity that serves as a nonprofit resource for local communities across our 20-county region to encourage and benefit from philanthropy. CFNEIA, and its 23 affiliate community foundations, can assist all nonprofits with the administration of different types of planned gifts, including endowment funds, charitable gift annuities and bequests. Generally, there are no fees associated with the start-up or disbursement of the fund. There is, however, a small fee (typically 1 percent to 2 percent of assets) for managing the endowment fund. The partnership between the nonprofit organization and the Community Foundation begins at the moment a planned gift is being considered.

Working with Professionals

The Community Foundation of Northeast Iowa encourages nonprofits to engage with a professional such as an attorney, CPA or other professionals with gift planning expertise. The Community Foundation regularly partners with professional advisors and their clients to recommend strategies and ensure funds have the greatest impact. We have standardized language that can be provided to donors and their advisors for writing planned gifts into wills and trusts.

Information about the Community Foundation of Northeast Iowa and its affiliate community foundations can be found on our website at www.cfneia.org.

Community Foundation Partnership

YOUR ORGANIZATION

Identifies and qualifies donor

Informs donor

Explores donor's best
planned giving solution



COMMUNITY FOUNDATION

1. Introductions

Consults with you
and donor

Evaluates your
donor's goals

Prepares gift proposal
and Memorandum of
Understanding (MOU)

No cost to organization

2. Gift Acceptance

Finalizes gift agreement

Work alongside professional partners
to ensure due diligence is performed,
such as appraisals, title transfers, and
other issues involving gifts

Liquidates assets depending on gift type*,
provides gift acknowledgement record

No cost to organization

3. Gift Management

If applicable, invests
proceeds from asset sale

Makes annual distributions
from gift to your organization

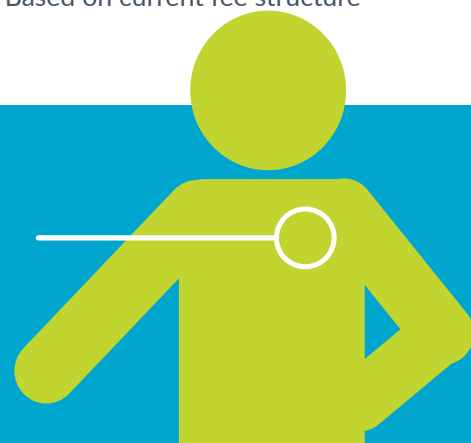
Provides ongoing
philanthropic consultation to you
and your donor (if requested)

Approximately 1-2% of assets**

*Noncash gifts acceptance per CFNEIA gift acceptance policy **Based on current fee structure

“ It's too complicated... ”

The solution is to partner with professionals who can set up and administer planned gifts for your organization.



SIX EASY STEPS TO CREATING A LEGACY SOCIETY

leg-a-cy so-ci-e-ty [leg-uh-see] [suh-sahy-i-tee], noun. An important key to planned giving. A legacy society is a group of individuals who convey their values by creating a future gift to your organization. It costs nothing to establish, deepens existing relationships, provides a means by which you can honor donors, and creates a sense of belonging for donor members. Best of all, it focuses the conversation on being an active donor; philanthropic giving that begins now and makes meaningful long-term contributions.



1 Create

Creating a legacy society is as easy as saying you have one. You can give it a specific name or not. No legal documents needed.



2 Honor

Determine what benefits you can offer legacy society members now and where you can post names, host an annual luncheon, etc.



3 Recruit

Make donors who have already pledged a planned gift founding members; use the templates to reach out to donors with whom you have existing relationships.



4 Integrate

Integrate information about the new legacy society into all your materials using the templates. Share information with members about planned giving options that they may not even know exist.

In short, a legacy society is a deferred form of individual giving. And if you think about it that way, it won't be so daunting. There is no legal paperwork and no cost associated with its creation or management. If you say you have one, then you do. If you have an individual giving program in place, a legacy society builds on and deepens your existing relationships.



5 Identify

Establish a board member as the chairperson or champion of the legacy society to build awareness among donors and ensure board support.



6 Work

Work with the Community Foundation of Northeast Iowa or other partner to set up specific gifts or future gifts directed through a memorandum of understanding: life income gifts such as charitable gift annuities or a charitable remainder trust.



“It’s too expensive...”

Starting a legacy society costs absolutely nothing. Say you have one and you’re more than halfway there.

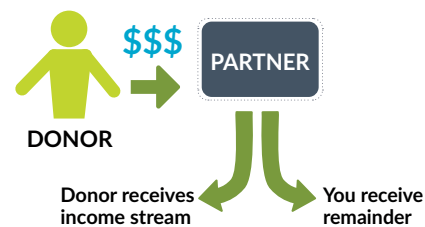


DON'T WORRY, THIS WON'T BE ON THE TEST

Your planned giving partner will know all the information on these pages, so you don't have to. However, if you are an overachiever who would like a better understanding of planned giving options, here are four types of gifts you can offer with the support of planned giving partners. For the rest of you, stop reading and turn the page.

Charitable Gift Annuity

Ideal for people who want to give an asset to charity and receive a fixed income over the rest of their lives. After the donor makes the initial gift, the administrator, such as a community foundation or large nonprofit, makes fixed payments to the donor (or a designated beneficiary) for life. After the donor(s) passes away, the designated charity such as your nonprofit is the beneficiary of the remainder of the annuity.



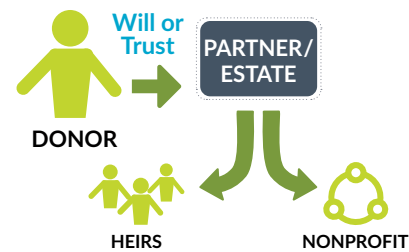
Charitable Gift Annuity or Charitable Remainder Trust

Charitable Remainder Trust

Another option for people who want to give an asset to charity and receive income over the rest of their lives, or a term of years. After the donor makes the initial gift, the charity makes payments to the donor (or designated beneficiary) for life or the set period, based on a percentage of the asset's value. After the donor(s) passes away, the designated charity such as your nonprofit is the beneficiary of the remainder of the trust.

Bequest

Gift of any amount through a will, trust, life insurance policy or IRA. Such gifts often exist side-by-side with bequests to heirs or other organizations.



Bequest

IRA Beneficiary

Retirement accounts, such as an IRA, 401(k), or 403(b) plan, are not the best asset to leave to heirs. For those charitably inclined, naming a charity as the beneficiary of all or a portion of retirement accounts provides a tax-effective way to leave a legacy for the causes you care about and your community. Retirement assets do not receive a stepped-up basis at death, so most non-spouse beneficiaries are required to pay income tax when withdrawing funds from these accounts. However, qualified charities are tax-exempt and do not pay taxes on gifts received from retirement accounts.

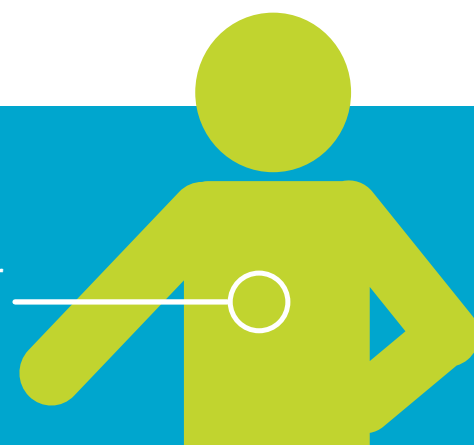
In addition to the satisfaction of a meaningful gift, planned gifts may offer immediate and long-term benefits. This chart provides a basic overview of three popular options.

GIFTS AT A GLANCE			
Gift Type	Basic Description	Benefits to Donors	Candidates for this Option
Charitable Gift Annuities	A gift of cash or stock in return for fixed payments to the donor for life Upon passing, remainder is distributed to the charity	Security of a fixed income for life Knowledge it is guaranteed by organization Income tax charitable deduction in year of gift	Older donors who want to help a charity, have liquid assets (such as stocks, CDs, savings accounts) Middle-aged donors who want to provide income for their parents or others
Charitable Remainder Trust	A gift of cash, stock, real estate or complex assets in return for variable payments (a % of gift) Upon passing, remainder is distributed to the charity Donor can make additional contributions over time	Annual income that can adjust over time; act as hedge against inflation May avoid capital gains taxes on appreciated assets Income tax charitable deduction in year of gift	Donors of any age, but generally middle-aged Good for complex or appreciated assets
Bequest	Gift of any amount through a will, trust, life insurance policy or IRA	Potential estate tax benefits Achieving charitable planning goals with your last gift going to favorite nonprofit organizations	Donors of any age or income level

Community Foundation of Northeast Iowa does not provide legal or tax advice. All donors and advisors should consult their tax advisors to properly determine the tax consequences of making a charitable gift.

“ I’m not an expert... ”

You don’t have to be. Your planned giving partner will bring the financial and legal expertise your organization needs.



DON'T WANT TO TALK ABOUT DEATH? DON'T

Planned giving mistakenly gets a reputation as a taboo subject. You don't have to talk about death, dying or diverting assets from family heirs. A legacy society allows you to focus the conversation on the present – while still talking about the future. Legacy society members should be thought of as active donors. By using the language and tips provided in this Toolkit, you can feel confident in your ability to treat the matter with respect and dignity.

Here are four proven frames for starting a conversation about planned giving. Insert your cause or issue into these forward-thinking approaches:

1. Sustainability

“The needs of this community (hunger, homelessness, etc.) are ongoing. A legacy gift ensures that our organization will be around years from now to fulfill those needs.”

2. Next Generation

“Legacy gifts ensure the well-being of future generations and serve as an inspiration to others to do the same.”

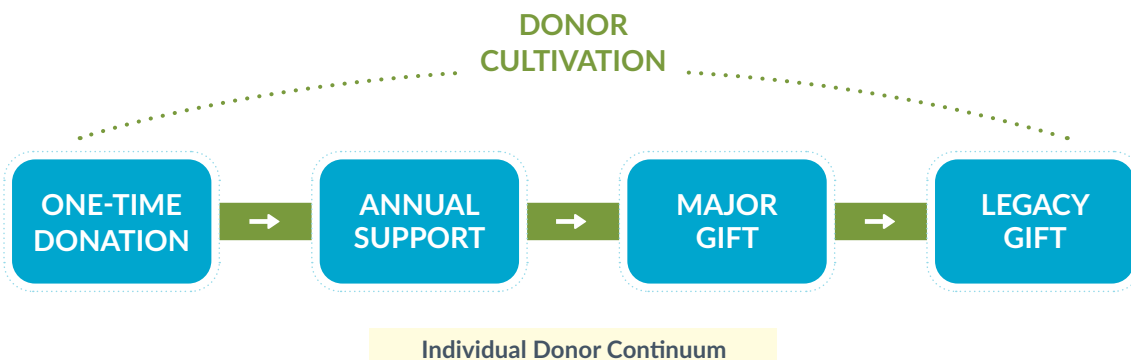
3. Heritage

“You understand the importance of preserving our rich heritage and cultural identity. Legacy gifts provide donors a meaningful way to ensure this lasts decades into the future.”

4. Personal Legacy

“Becoming a member of our legacy society ensures that the issues you care about and the values you cherish will be long remembered.”

Planned giving conversations don't have to be one-on-one with donors. The elements of this Toolkit will help you start a dialogue at a higher level – introducing the idea of planned giving and reinforcing it in a variety of places: through mail and email, on your website, in customizable materials, annual reports and at events.



OK, NOW WHAT?

After reviewing this Toolkit, you should be ready and eager to start a legacy society. Start integrating planned giving into your development program today by using the customizable tools and language at www.cfneia.org/npfundresources.

Engage Your Board Members

Use this Toolkit as a starting point.

Personalize and Use the Enclosed Letters

Send electronic and/or hard copies by mail.

Find more resources

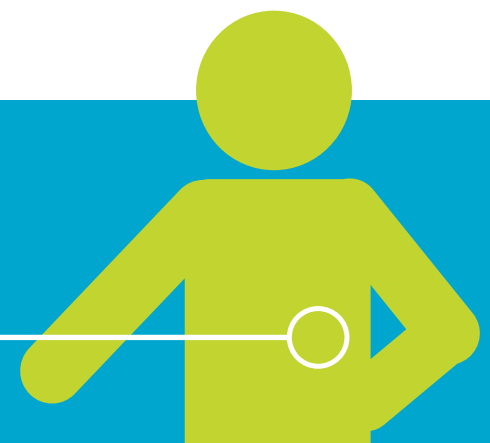
Visit our gift planning website for calculators, bequest language and more! www.cfneialeadership.org

So hurry – your share of \$400 billion is waiting!



“ I don’t know how to talk about death...”

Start the conversation on a positive note by talking about encouraging sustainability, conserving cultural heritage and creating personal legacies.



NOTES: BUILDING YOUR PLAN



LOOKING FOR MORE RESOURCES?
VISIT OUR GIFT PLANNING WEBSITE AT
CFNEIALEGACY.ORG.



here for good.

About the Community Foundation of Northeast Iowa

The Community Foundation of Northeast Iowa is a place of connection, where generosity and community action meet to create powerful impacts improving the quality of life for all. We connect inspired people to causes they care about most, make grants to strengthen effective nonprofits, and provide leadership on key community issues to make Iowa communities better places. Since 1956, we have been “here for good,” working side-by-side people and organizations as a catalyst for positive community change. Today, CFNEIA is a public charitable nonprofit working in 20 Iowa counties to meet local needs and fulfill a vision of creating a vibrant region of thriving people.