

# HOW TO GIVE: SIMPLIFY YOUR CHARITABLE GIVING

*Silicon Valley Community Foundation*





*Our vision, mission and values reflect our commitment to serving the vibrant and diverse communities in San Mateo and Santa Clara counties.*



## WHY GIVE: SIMPLIFY YOUR CHARITABLE GIVING WITH THE COMMUNITY FOUNDATION

Whatever your passion, Silicon Valley Community Foundation provides expertise and flexibility in charitable giving. We will work with you to create a giving program that is customized to your interests, your assets and your personal and financial goals.

In partnership with the community foundation, a 501(c)(3) public charity, you receive personalized service, professional advice and competitive investment options. We will help you create a tax-wise plan to maximize your charitable deductions while increasing the impact of your giving. Our goal is to help you determine the vehicles of giving that best match your personal interests and profile – and we can handle complex transactions, including donations of real estate, stock and other appreciated assets.

By establishing a charitable fund with Silicon Valley Community Foundation, you can determine your desired level of involvement, you gain the expertise and services of our staff and you avoid the paperwork, time and expense of running your own private foundation.



## HOW TO GIVE: SELECT FROM OUR FUND OPTIONS

When you make a gift to Silicon Valley Community Foundation, you have several options for establishing funds from which grants will be made for charitable purposes.

### **Donor Advised Fund**

You and your family can have a simple, tax-efficient way to make charitable gifts by establishing a donor advised fund. With your donor advised fund, you will take an active role in grantmaking. Support the causes you are most passionate about by recommending grants to your favorite nonprofits. You can also designate your family members as fund advisors - individuals whom you authorize to recommend grants and make investment allocation changes for your fund.

The community foundation helps assess your grant recommendations by verifying the charitable status and mission of the nonprofit organization. With unparalleled expertise, we can also identify other charitable organizations that fall within your interest areas. This is the most popular and flexible fund option. The minimum to establish a donor advised fund is \$10,000.

### **Committee Advised Fund**

Pool your charitable giving together with other graduates for your school's alumni mentorship program. Gather your neighbors to fund a redevelopment effort. A committee advised fund enables individuals to make grants with other donors interested in a particular subject. This type of fund is similar to a donor advised fund. It is created by a

group of people who pool their contributions toward a common purpose and work together to make recommendations on the fund's distributions to the community. The minimum to establish a committee advised fund is \$10,000.

### **Supporting Organization**

You can make grants and enjoy the same tax benefits as a public charity by establishing a supporting organization with the community foundation. A supporting organization is a separate 501(c)(3) corporate entity that operates in partnership with the community foundation. A supporting organization offers impact, structure and permanence. A supporting organization is subject to less restrictive regulation than a private foundation and enjoys the same privileges and benefits as a donor advised fund. Features include multi-generational involvement, a separate board of directors, maximum tax benefits and access to the grantmaking expertise of the community foundation. You can work with community foundation staff or your supporting organization may hire its own staff. The minimum to establish a supporting organization is \$10 million.

### **Designated Fund**

If you are interested in establishing a fund with lasting impact for our region, the community foundation offers the opportunity to establish a fund for an organization you designate. Funds to your chosen charitable organization are distributed over a set period of time or in perpetuity. The minimum to establish a designated fund is \$10,000.



## An Alternative to Private Family Foundations

Silicon Valley Community Foundation's philanthropic services can resolve many management concerns that develop with private family foundations and bring the focus and joy back to giving. Many individuals and families establish private foundations to facilitate their current giving but later discover that the process of managing the foundation's affairs is not as easy or rewarding as it once seemed.

By transferring the assets of a private foundation to the community foundation, you can be assured that intelligent grantmaking will continue in the name of your foundation for decades to come. Whether you roll over your private foundation into a donor advised fund or a supporting organization, you will experience the benefits of working with the community foundation. Our services will reduce administrative burdens and help you develop your charitable giving strategy and goals. As a member of the community foundation family, you will have the opportunity to learn and network at our exclusive donor events and access the latest research from our expert staff.

### Field of Interest Fund

When you establish a field of interest fund with the community foundation, you invest in the community or the specific causes you care about most. This flexible fund enables you to identify and support a broad charitable purpose or category of interest, such as the arts, education or human services. You can also identify a particular geographic area in San Mateo or Santa Clara counties. Grants that fall within your specifications will be made through the community foundation's grantmaking program while recognizing your fund's name. The minimum to establish a field of interest fund is \$10,000.

## COMPARING PHILANTHROPIC OPTIONS: FOUR WAYS TO GIVE

	DONOR ADVISED FUND AT SILICON VALLEY COMMUNITY FOUNDATION	COMMERCIAL GIFT FUNDS	SUPPORTING ORGANIZATION AT SILICON VALLEY COMMUNITY FOUNDATION	PRIVATE FOUNDATION
<b>DONOR CONTROL</b>	Donor recommends grants to qualified nonprofits and may choose from among the community foundation's investment options. Grants are approved by the community foundation's board of directors.	Donor recommends grants to qualified nonprofits, and may choose from among the firm's investment options. Grants are approved by trustees of the gift fund.	Donor and the community foundation work together to appoint board; community foundation appoints a majority. Board controls investments and grantmaking.	Donor appoints board, which controls investments and grantmaking.
<b>SERVICES AVAILABLE TO DONORS</b>	Professional staff is available to develop strategy, provide input on community needs, identify and assess grantees, and verify nonprofit status. Donor education, family engagement and peer networking provided as desired.	Varies by firm. Most do not offer personalized advice on grantee selection or family engagement.	Professional staff is available to develop strategy, provide input on community needs, identify and assess grantees, and verify nonprofit status. Donor education, family engagement and peer networking provided as desired.	Board must arrange and support their own grantmaking, monitoring and administrative structures.
<b>INCOME TAX DEDUCTIONS FOR GIFTS OF:</b>				
<b>Cash</b>	Up to 50% of adjusted gross income	Up to 50% of adjusted gross income	Up to 50% of adjusted gross income	Up to 30% of adjusted gross income
<b>Stock</b>	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 30% of adjusted gross income	Fair market value up to 20% of adjusted gross income
<b>Real Estate</b>	Fair market value up to 30% of adjusted gross income	Fair market value up to 30% of adjusted gross income, if accepted by firm	Fair market value up to 30% of adjusted gross income	Cost basis up to 20% of adjusted gross income
<b>TAX STATUS</b>	Public charity—as a fund under the community foundation's public charity status.	Public charity—as a fund under the nonprofit status of the firm's charitable subsidiary.	Public charity—as a separate 501(c)(3) organization under Section 509(a)(3).	Private charity—as a separate 501(c)(3) organization under Section 509(a).
<b>INTERNATIONAL GRANTS</b>	Allowed	Usually not allowed	Allowed	Allowed

	DONOR ADVISED FUND AT SILICON VALLEY COMMUNITY FOUNDATION	COMMERCIAL GIFT FUNDS	SUPPORTING ORGANIZATION AT SILICON VALLEY COMMUNITY FOUNDATION	PRIVATE FOUNDATION
<b>START-UP CONSIDERATIONS</b>				
<b>Initial Costs</b>	None	None	Several thousand dollars for legal and filing fees	\$3,000 to \$6,000 for legal expenses and filing fees
<b>Minimum Contributions</b>	\$10,000	Typically \$5,000 to \$25,000	\$10 million	Typically \$10 million or more for cost efficiency
<b>Time to Establish</b>	Immediate	Immediate	Several months	Several months
<b>ANNUAL ADMINISTRATIVE REQUIREMENTS</b>				
<b>Fees</b>	0.25% to 1% depending on fund size, plus investment expense ranging from 0 to 0.72%	Fees and investment expenses vary by firm	From 0.10% depending on fund size, plus actual investment expenses, audit and tax filing fees	Several thousand dollars for legal and accounting expenses and filing fees
<b>Excise Tax</b>	None	None	None	1% to 2% of net investment earnings
<b>Reporting</b>	None	None	Annual tax returns and audits filed by the community foundation	Annual 990-PF tax form must be filed by the private foundation
<b>DISTRIBUTION REQUIREMENTS</b>	None	Varies, typically 5% of average fund assets over five years	None	5% of net assets annually, otherwise a 30% penalty tax
<b>CONTINUITY</b>	Donor may name one generation of successor advisor(s) to the fund	N/A	May continue to future generations	May continue to future generations
<b>PRIVACY</b>	Donor may remain anonymous	Donor may remain anonymous	Officers, directors and trustees listed in IRS Form 990	Officers, directors and trustees listed in IRS Form 990-PF



## HOW TO GIVE: MORE FUND OPTIONS

### Memorial Fund

A memorial fund is a thoughtful way of honoring the memory of someone you care deeply about. Continue their legacy in a way your loved one would have appreciated by giving to their favorite charitable causes. You have up to six months from the date of the first gift to reach the minimum amount of \$10,000. For amounts less than the minimum, the community foundation can work with you to identify an appropriate nonprofit to receive memorial fund contributions directly.

### Scholarship Fund

When you establish a scholarship fund with the community foundation, you not only provide educational funds for deserving students, you give the students the opportunity to follow their dreams and invest in their futures. Two options are available to you:

**Community Foundation Managed Scholarship Fund:** This fund is for students who meet your chosen eligibility criteria and application process. The community foundation staff will administer the entire process, from creating and distributing

applications to disbursement of funds. The community foundation appoints a volunteer committee to review student applications and selects recipients based on your committee's recommendations. The minimum to establish a community foundation managed scholarship fund is \$250,000.

**Donor Involved Scholarship Fund:** This fund enables you to oversee an external selection committee. The selection committee is responsible for creating and distributing applications and selecting recipients. You designate a committee manager responsible for annually filing the appropriate paperwork with the community foundation staff and documenting the scholarship selection process as required by law. The minimum to establish a donor involved scholarship fund is \$50,000.

In both scholarship options, the community foundation approves the scholarship selection committee and the scholarship selection process. The community foundation disburses scholarship funds to the institution the recipient attends and may not disburse a grant to a specific individual.

## HOW TO MAKE A GIFT

Gifts to Silicon Valley Community Foundation may take a variety of forms, including immediate and planned gifts. When you open a fund at Silicon Valley Community Foundation or add to it at any time in the future, the community foundation accepts the following types of gifts:

### Cash Options

**Cash:** Cash or a check is an easy and convenient way to establish or add to your fund. Silicon Valley Community Foundation also accepts credit card donations using your American Express, Discover, MasterCard or Visa.

**Marketable Securities:** Silicon Valley Community Foundation can accept gifts of publicly traded stock, closely held stock, restricted stock, partnership interests and other similar assets.

**Tangible Personal Property:** Tangible personal property may be accepted as a gift. With a qualified appraisal and a completed IRS Form 8283 for non-cash charitable contributions, you can donate property exceeding \$5,000 in value. Automobiles are generally not accepted by the community foundation.



## HOW TO MAKE A GIFT

### Planned Gift Options

Silicon Valley Community Foundation can help you achieve your philanthropic goals with an array of tax-wise planned gift options that allow you to create a lasting legacy in our community for years to come. We will work with you and your estate planning or tax advisor to determine the type of gift that is right for you and your family.

Any of these gifts will qualify you to join the community foundation's Legacy Society, an exclusive group of philanthropists recognized for the commitment they have made to the future of our community. The community foundation accepts a variety of planned gifts, including the following:

**Bequests:** The simplest way to make a planned gift benefiting our community is to include specific language in your will or living trust naming Silicon Valley Community Foundation as a beneficiary of your estate. All assets can be used to fulfill your bequest. You may designate a specific dollar amount, percentage or the residual of your estate. Your bequest will qualify for a charitable deduction, potentially saving your estate from paying significant taxes on these assets.

By making unrestricted gifts you allow the community foundation to make grants to nonprofits and support the most critical community needs. You may create or add to any of our existing funds, including named endowment, donor advised, field of interest, designated and scholarship funds. We are available to provide assistance as you and your attorney formulate appropriate language according to your wishes.

**Charitable Remainder Trust:** When you transfer assets to establish a charitable remainder trust, you receive an immediate tax deduction and lifetime income for you or your named beneficiaries. You also reduce or avoid capital gains taxes associated with the gifted asset. Eventually, when the trust's term is complete, the remaining assets pass to the community foundation.

An important consideration when establishing a charitable remainder trust is naming a trustee to manage the assets. If desired, Silicon Valley Community Foundation has the capacity and expertise to act as trustee of your charitable remainder trust. We can provide more information to help you decide which trustee option is best for you.

**Charitable Lead Trust:** When you create a charitable lead trust, the community foundation is the income beneficiary and receives quarterly or annual gift distributions for the term of the trust. The payments to the community foundation are tax-deductible. When the trust terminates, the entire principal is returned to you or to your designee.

**Retirement Plan Donations:** Naming Silicon Valley Community Foundation as a beneficiary of your retirement funds, such as an IRA, 401(k) or 403(b), is a simple and effective way to benefit our community while avoiding significant tax penalties. Your retirement plan is tax-deferred only until death. The remainder of these assets is subject to multiple taxes when included in your estate, resulting in a tax rate of 60 percent or more. Donating retirement accounts can reduce or eliminate these taxes.

**Life Insurance Donations:** Among the many ways to donate life insurance, the simplest is to designate Silicon Valley Community Foundation as a beneficiary of the policy. In addition, you may donate the cash

value of your life insurance policy or insurance policy dividends. You may also choose to name the community foundation as designated owner and beneficiary, making annual gifts to the community foundation in the amount of the annual premium. In this arrangement, the community foundation pays the premium.

**Pooled Income Fund:** If you are interested in the tax-saving benefits of a charitable trust but also want to minimize investment risk and investment overhead costs, consider a pooled income fund gift. Your gift is combined with gifts from other members of the community to create a common investment portfolio. It operates much like a mutual fund. Your gift is invested and your proportionate share of the net income is distributed to you or to those you designate.

Your gift to Silicon Valley Community Foundation's pooled income fund creates life income for you as well as an immediate income tax deduction for a portion of the gift. You will also avoid capital gains tax on your gift of an appreciated asset, and there is no estate tax on this gift.

When your pooled income fund has matured, your shares in the fund will be added to the Community Endowment Fund or another endowed fund at the community foundation.

**Real Estate and Retained Life Estates:** You may wish to transform your real estate holdings into a lasting charitable legacy. Silicon Valley Community Foundation partners with the Real Estate Trust to accept gifts of residential, commercial or undeveloped property. For information on how you can donate your real estate and retain its use for your lifetime, please contact us about the Real Estate Trust at Silicon Valley Community Foundation or visit [www.giverealestate.org](http://www.giverealestate.org).

SILICON VALLEY | **community  
foundation**

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