

# PLANNED *giving* GUIDE

FOR WACO.  
FOREVER.



## PLANNED GIVING

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WACOFFOUNDATION.ORG | 254.754.3404

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# WELCOME

Thank you for your interest in making a lasting impact through planned giving. At Waco Foundation, we believe that thoughtful generosity today can create meaningful change for generations to come.

In the following pages you will find information on common types of planned gifts, how they work, and how they can help support the causes you care about most. Whether you're just starting to explore your options or ready to take the next step, we're here to help.

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## ABOUT WACO FOUNDATION

### THE MISSION OF WACO FOUNDATION

is to **promote solutions** to community challenges, **strengthen** local nonprofit organizations, **engage** philanthropists and **manage** charitable assets to **improve** quality of life in McLennan County.

Waco Foundation was founded in 1958 by philanthropist R.B Parrott with an initial gift of \$30,000. Inspired by the impact of the nation's first community foundation in Indiana, Parrott envisioned bringing the same spirit of philanthropy and community investment to his hometown of Waco, TX.

Today, Waco Foundation manages approximately \$150 million in assets, awards more than \$6 million in grants to Waco-area nonprofits each year, operates Duncan Scholars, a scholarship program that goes beyond the basics to improve college completion rates, and provides training and resources in partnership with local nonprofits.

To learn more about Waco Foundation visit our website: [wacofoundation.org](http://wacofoundation.org).

# TYPES OF GIFTS

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## UNRESTRICTED

This is a discretionary fund that serves as the main source of funding for the Foundation's competitive grant cycle. Donations to this fund allow the Foundation to meet the community's changing needs, support innovative solutions to problems and enhance the quality of life in Waco and McLennan County.

## DESIGNATED

Designated funds provide an ongoing source of support for a specific charitable organization named by the donor when the fund is established.

## DONOR ADVISED

Donor Advised funds provide donors maximum flexibility by allowing them to make distribution recommendations throughout the year to various qualified charities of their choice.

## FIELD OF INTEREST

Field of Interest funds allow donors to identify areas of interest that mean the most to them. The donor relies on Waco Foundation's Board of Trustees to identify organizations capable of making the greatest impact in the chosen field.

## SCHOLARSHIP

Scholarship funds are dedicated to providing financial assistance for individuals as they seek to continue their education.

## REAL ESTATE

Residential, commercial, agricultural, or undeveloped real estate may be given to a charitable organization. The donor must secure a fair market value appraisal of the real estate in order to substantiate the claim for a charitable deduction, meeting the reporting requirements of IRS Form 8283.

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## Establishing a fund at Waco Foundation is simple.

The donor identifies desired parameters and Waco Foundation develops a fund agreement incorporating the donors intent. The fund is officially established once the agreement is signed and the funds are received by Waco Foundation. Additionally, the donor realizes a charitable deduction at the time the gift is made to Waco Foundation.

### FOUR COMMON PLANNED GIFTS

BEQUESTS | BENEFICIARY DESIGNATIONS  
APPRECIATED ASSETS | CHARITABLE TRUSTS

## BEQUESTS

Made via will

Flexible

Revocable

A dollar amount, asset or percentage

The gift that costs donors nothing during their lifetime

### SAMPLE LANGUAGE:

#### REMAINDER OF ESTATE:

I give, devise and bequeath to Waco Foundation Tax I.D. #74-6054628, a nonprofit organization as described in section 170(b) of the Internal Revenue Code, all [or state the fraction or percentage] of the rest, residue and remainder of my estate, both real and personal. Waco Foundation may be contacted at 254.754.3404.

#### SPECIFIC AMOUNT:

I give, devise and bequeath \$ \_\_\_\_\_ to Waco Foundation, Tax I.D. #74-6054628, a nonprofit organization as described in section 170(b) of the Internal Revenue Code. Waco Foundation may be contacted at 254.754.3404.

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**These are merely suggestions as to content and should be written or adopted by legal counsel to fit your individual need. Please consult your estate planning attorney. We are here to assist you and your advisor - don't hesitate to give us a call.**

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### TYPES OF PLANNED GIFTS

BEQUESTS | **BENEFICIARY DESIGNATIONS**  
APPRECIATED ASSETS | CHARITABLE TRUSTS

## BENEFICIARY DESIGNATIONS

A simple beneficiary designation from your retirement plan or life insurance could be the least-costly and most attractive way for you to support an organization after your lifetime.

### RETIREMENT PLANS

Donors can give charitable organizations their more heavily-taxed retirement assets, leaving their family more favorably-taxed assets.

The designation is revocable. If circumstances change, the donor may redirect the balance.

The gift is easy to set up via the plan's beneficiary designation form.

### LIFE INSURANCE

Life insurance policies cost "pennies per dollar" of coverage, providing a way to give a sizeable gift at a modest cost.

You can use life insurance as a wealth replacement asset. You may replace the dollar value of an asset transferred to Waco Foundation with a life insurance policy of which your family members are beneficiaries. The income tax and other tax savings from your gift are often more than enough to cover the cost of the insurance premiums.

### TYPES OF PLANNED GIFTS

BEQUESTS | BENEFICIARY DESIGNATIONS  
APPRECIATED ASSETS | CHARITABLE TRUSTS

## APPRECIATED ASSETS

### STOCKS & APPRECIATED SECURITIES:

- Donors can use appreciated stocks, bonds or mutual fund shares (held longer than one year) to make a gift.
  - donors receive a charitable deduction for the full, appreciated value of the security while paying no capital gains tax on the transaction.
- The value of a gift of marketable stocks or bonds is the average of the high and low prices for the security on the date it is received electronically.
  - The value of a mutual fund share is its public redemption price on the day it is received by (or reissued in the name of) the organization.
- A gift of closely-held stock must be professionally appraised, meeting the reporting requirements of IRS Form 8283, Non-cash Charitable Contributions.
  - In addition, with these gifts, the entity issuing stock must be willing and able (but is not legally obligated) to redeem donated shares within a reasonable period of time.

### TANGIBLE PERSONAL PROPERTY

- A donor may give valuable assets they no longer wish to maintain.
  - Examples include artwork, collectibles, books and equipment.
- Unlike gifts of real property, the use of donated tangible personal property must be related to the organization's charitable purposes in order for the donor to receive a charitable deduction for the full fair market value with no capital gains liability.
- The gift must meet the reporting requirements of IRS for 8283.

### COMMON TO ALL

Appreciated fair market value is greater than original cost.

Generally held longer than one year.

Subject to reporting requirements of IRS Form 8283.

### TYPES OF PLANNED GIFTS

BEQUESTS | BENEFICIARY DESIGNATIONS  
APPRECIATED ASSETS | **CHARITABLE TRUSTS**

## CHARITABLE TRUSTS

### GENERAL RULES AND FEATURES

A charitable trust's percentage payout must be a minimum of 5%.

The remainder interest must be a minimum of 10% of the fair market value of the fund's assets.

A charitable trust's percentage payout must be no greater than 50%.

|                                                         | Annuity Trusts<br>(CRAT)                                                                                 | Standard Unitrusts<br>(CRUT)                                                  |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| Suggested Minimum for Funding<br>(with single lump sum) | \$150,000 - \$200,000                                                                                    | \$150,000 - \$200,000                                                         |
| Additions Allowed                                       | No                                                                                                       | Yes                                                                           |
| Types of Payment                                        | Fixed-dollar amount based on a percent of initial contribution (min 5% and not greater than 50%)         | Fixed percentage of market value each year (min. 5% and not greater than 50%) |
| Property Appropriate for Funding                        | Cash, readily marketable securities                                                                      | Cash, readily marketable securities                                           |
| Results if Assets Appreciate                            | Beneficiary's payments remain fixed. Charity's remainder interest increases.                             | Beneficiary's payments increase. Charity's remainder interest increases.      |
| Results if Assets Depreciate                            | Beneficiary's payments remain fixed. Charity's remainder interest decreases and is subject to depletion. | Beneficiary's payments decrease. Charity's remainder interest decreases.      |

# WACO FOUNDATION OFFERS

### **Flexibility**

We will customize a giving plan that fits the unique needs and charitable goals of the donor.

### **Stewardship**

Waco Foundation's Board of Trustees is comprised of local, civic-minded leaders who serve without compensation for a maximum of eleven years. We are audited annually by Jaynes, Reitmeier, Boyd & Therrell, P.C. and maintain a CPA on staff. We also meet expectations set forth by the National Standards of Community Foundations.

### **Local Expertise**

For nearly 70 years we have partnered with area nonprofits and donors to improve quality of life in McLennan County. Our Board and staff know the nonprofits in our community and understand their strengths and needs.

### **Cost - Effectiveness**

Waco Foundation funds are invested in one of our four commingled investment pools. The Foundation's investment consultant assists our Investment Committee in allocating funds across a wide range of investment instruments, receiving better investment return opportunities at a low fee assessment.

### **Perpetuity**

Waco Foundation is designed to exist in perpetuity. A donor's charitable giving is guaranteed to make a difference for generations to come.

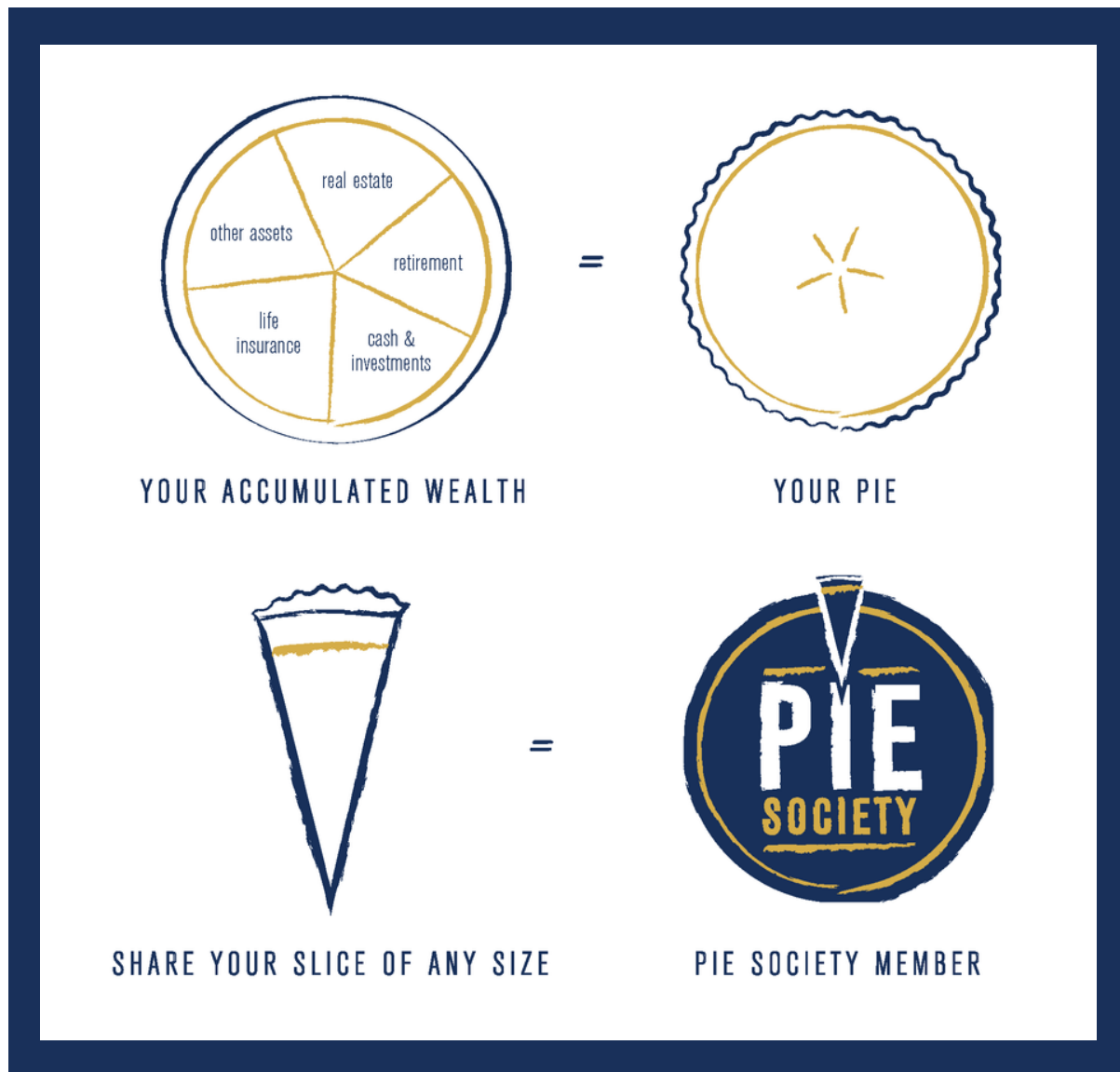
### **Privacy**

A donor's preference for anonymity and confidentiality is respected and honored.

Waco Foundation is here to make charitable giving simple, meaningful, and rewarding. Whether you're exploring your options or ready to take the next step, we're here to help. Please don't hesitate to reach out with any questions.

# SHARING A PIECE OF YOUR PIE

If you love our community and want to contribute a piece of your pie to ensure it's always great, the Pie Society is for you. The Pie Society is a community-wide giving society made up of generous donors like you who have promised to leave a portion of their estate, or a piece of their pie, to charity. The amount of the gift and the charity or charities you choose is up to you. If you've made this commitment, you are already a part of the Pie Society, and we want to hear from you!



[WACOPIESOCIETY.ORG](http://WACOPIESOCIETY.ORG)



## CONTACT US

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