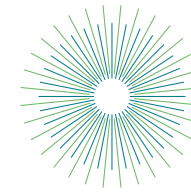


CENTRAL CAROLINA
Community Foundation

A RESOURCE FOR YOU...

**A PHILANTHROPIC PARTNER
FOR YOUR CLIENTS**

By working with Central Carolina Community Foundation, you can effectively and efficiently help your clients meet their charitable goals by introducing the options described in this brochure. There are many advantages to working with the Community Foundation. We follow your lead in serving your clients and join in discussions only if or when you need us. Our primary goal is to inspire charitable giving and to help your clients build lasting testaments to their names, their families and the causes they care about most. Here are just a few of the ways the Community Foundation does this:



CENTRAL CAROLINA
Community Foundation

WE WORK AS YOUR PARTNER.

You stay in control of your client relationship—we’re here to help you provide a full range of services to your clients.

WE ARE EXPERTS ON CHARITABLE GIVING

and can tailor giving to meet your clients’ particular needs.

WE ARE EXPERTS ABOUT OUR COMMUNITY,

so we can help your clients be as effective as possible in their giving.

WE CAN ACCEPT A VARIETY OF ASSETS,

including cash, appreciated securities, and real estate. These can be assets they give now or later as part of their estate plan.

YOU CAN HELP MAKE A DIFFERENCE IN THE LIVES OF YOUR CLIENTS.

By partnering with us, you may be able to help your clients increase their current income, increase their heirs’ inheritance, leave a legacy in the community and teach their children about philanthropy.

AS A PUBLIC CHARITY, WE OFFER MAXIMUM FEDERAL AND STATE TAX BENEFITS.

And starting a fund at a community foundation is significantly less expensive—and easier—than starting a private foundation.

TABLE OF CONTENTS

Why You Should Talk to Your Clients about Charitable Giving..... 4

Your Clients need not be Wealthy to be Philanthropic 6

Vehicles for Those Clients Who Wish to Create Their Own Endowment Fund 6

Potential Client Scenarios..... 7

Planned Gift Options that may be Right for Your Client 8

Why a Bequest through a Will may be Right for Your Client..... 9

Why a Life Insurance Gift may be Right for Your Client..... 10

Why a Charitable Remainder Trust may be Right for Your Client 12

Why a Charitable Gift Annuity may be Right for Your Client 14

Why a Charitable Lead Trust may be Right for Your Client 14

Why a Qualified Retirement Plan Gift may be Right for Your Client..... 16

Why a Real Property Gift may be Right for Your Client..... 16

Why a Gift of Securities may be Right for Your Client..... 18

Central Carolina Community Foundation (CCCF) considers attorneys, accountants, financial planners, insurance agents and other professionals who have relationships with members of our community to be our valued partners in charitable giving. We want to be a resource for you as well as a philanthropic partner for your clients, providing a full understanding of the many possibilities of supporting our community by giving through the Community Foundation.

This brochure has been created to help you and your client become familiar with how CCCF works and how it can serve as a vehicle for giving. Please take a moment to review this document.

I've always considered the Community Foundation to be very flexible in responding to my clients wishes and very adept at connecting them to causes they care about most.

— Russell Bauknight, Bauknight Pietras & Stormer, P.A.



WHY YOU SHOULD TALK TO YOUR CLIENTS ABOUT CHARITABLE GIVING

As a professional advisor, you are in a unique position not only to serve the charitable needs of your clients, but also to dramatically affect the quality of life for institutions and important causes in the Midlands. Some advisors are reluctant to begin a charitable giving conversation with their clients but studies show that 93% of clients with more than \$1 million in assets give to charity on an annual basis.

You can help your clients realize their charitable objectives by listening for charitable giving opportunities, explaining options and suggesting solutions. Significant giving opportunities often arise when clients are making major business, personal and financial decisions. Our staff can work with you and your clients to recommend the best charitable solution.

Ask your clients these questions about charitable giving:

- What are your personal motivations for charitable giving?
- What are your charitable interests in the community?
- What are your priorities? (Focusing on fewer areas may make the greatest impact.)
- What level of involvement do you want to have in identifying charitable uses for your gift?
- What type of giving vehicle best fits your financial situation and tax status?

Your clients have several options to consider as they explore charitable giving opportunities. THE DECIDING TO GIVE QUESTIONNAIRE and the RAISING THE PHILANTHROPIC QUESTION INTERVIEW GUIDE can serve as great tools for you and your clients to use as you explore their charitable priorities.

These include determining:

- If they would like to make a gift now or through their estate plan.
- The type of fund that best meets their charitable giving goals.
- The type of assets they would like to give.
- How they will remain involved after their gift is made.

YOUR CLIENTS NEED NOT BE WEALTHY TO BE PHILANTHROPIC

We welcome all gifts regardless of size. In fact, a group of funds has been created specifically to serve those who wish to leave the Midlands better than how they found it, but do not wish to create their own endowment fund. These funds are called Community Funds. One may make a gift or name a future gift to one or more of these funds as a permanent investment in the Midlands that will address the community's most pressing needs today and in the future.

VEHICLES FOR THOSE CLIENTS WHO WISH TO CREATE THEIR OWN ENDOWMENT FUND

There are hundreds of funds that have been created at Central Carolina Community Foundation, but all fall into one of the following categories:

AGENCY FUNDS are established by or on behalf of nonprofit organizations to provide a stream of unrestricted operating income.

DESIGNATED FUNDS allow your client to support specific organizations while we make sure that grants to these charitable organizations and institutions remain relevant over time and responsive to changing circumstances.

FIELD-OF-INTEREST FUNDS are established to support charitable areas of interest or causes such as arts and culture or animal welfare rather than specific organizations.

DONOR-ADVISED FUNDS allow private or corporate citizens to make grant recommendations from their fund or to work with the Community Foundation to identify community needs that can benefit from the fund. This type of fund serves as a great alternative to a private foundation.

SCHOLARSHIP FUNDS enable students to pursue academic goals. Your client may define guidelines for candidacy, the advisory committee, the school and the award itself.

POTENTIAL CLIENT SCENARIOS

When your clients are ready to start planning, they will likely have concerns that will need to be addressed before they can commit to charitable gift planning. Here are some typical scenarios and how your client might benefit from using CCCF as a vehicle for their planned giving.

RETIRING IN COMFORT. Your client is concerned about running out of money during his/her lifetime, but has always been charitable. Recommend establishing a life income gift (such as a charitable remainder trust) at CCCF that pays income potentially for life. Upon your client's death, the gift can be distributed by CCCF in accordance with his/her charitable interests.

SALE OF APPRECIATED STOCK. Your client has appreciated stock and wants to use it for charitable giving, but the identified charities are too small to accept direct stock gifts. Suggest establishing a fund at CCCF with the stock. Your client receives a tax deduction on the full market value, while avoiding the capital gains tax that would otherwise arise from sale of the stock.

SALE OF A BUSINESS. Your client owns appreciated stock in a company that is about to be acquired. CCCF can work with you to suggest several ways to structure a charitable gift (including the use of planned giving techniques) to help your clients reduce capital gains tax and maximize impact to the community.

STRATEGIC GIVING. Your client is passionate about helping meet a specific community need and wants to make

a meaningful gift. You and your client can work with our grantmaking experts to understand community needs and programs and then direct gift dollars to make the greatest impact.

SUBSTANTIAL IRA/401(K) ASSETS. Your client wants to leave his/her estate to community and family, and has substantial assets in retirement accounts. CCCF can help you and your client evaluate the most beneficial asset distribution to minimize taxes, giving more to his/her heirs and preserving charitable intent.

ALTERNATIVES TO ESTABLISHING A PRIVATE FOUNDATION. Your client is thinking about establishing a private foundation, but is looking for a simpler, more cost-effective way. CCCF can help you and your client analyze the pros and cons of creating a donor-advised fund, a supporting organization or a private foundation.

CLOSELY-HELD STOCK. Your client's personal net worth is primarily tied up in a closely-held company, but it's important for him/her to give back to the community. Recommend establishing a donor-advised fund or planned gift. Your client is eligible for a tax deduction measured by the fair market value of appreciated stock (less any planned gift value).

PLANNED GIFT OPTIONS THAT MAY BE RIGHT FOR YOUR CLIENT

As a form of giving, charitable bequests provide flexibility since they may be changed at any time. Regardless of the type of bequest, we serve as follows:

Through a bequest to CCCF, your clients can improve the quality of life for countless people they may never meet.

- We work in partnership with you to accomplish your client's charitable goals.
- We offer professional asset management among a larger asset pool.
- We provide documentation necessary to receive all tax deductions and benefits.
- We recognize your client's generosity in our Legacy Society, if desired – our way of thanking them now for gifts through their estate plan.

WAYS TO LEAVE A LEGACY FOR FUTURE GENERATIONS

There are ways other than a bequest to make a gift effective after death by naming Central Carolina Community Foundation as a beneficiary of a:

- Life insurance policy
- Living or revocable trust
- IRA or other retirement plan
- Bank account
- Brokerage account



WHY A BEQUEST THROUGH A WILL MAY BE RIGHT FOR YOUR CLIENT

A will is simply a legal record of a person's wishes regarding the eventual use of assets accumulated during a lifetime. Instructions regarding the dispensation of the assets are called "bequests." A will is a powerful instrument as it gives your client the opportunity to:

- Direct when such distributions are to be made.
- Choose the individual or institution to carry out their wishes.
- Preserve as much of their estate as possible through the judicious use of tax saving devices and opportunities.

To make a charitable bequest, simply direct in the will that your client's interest in certain money or property be transferred to Central Carolina Community Foundation to be added to the fund (the client's named fund or a CCCF existing fund). Your client's estate will be entitled to a charitable deduction for the full, fair market value of the gift.

There are several forms of outright bequests:

GENERAL BEQUEST

Leave a specified dollar amount (e.g., \$30,000) to the Foundation.

that other beneficiaries receive their bequests prior to distribution to the Community Foundation.

SPECIFIC BEQUEST

Designate specific property (a home, a farm or shares of stock) to CCCF.

PERCENTAGE BEQUEST

Direct a percentage of the estate or residuary estate to CCCF. Through a percentage bequest, if the size of the estate changes, the bequest will change proportionately.

RESIDUARY BEQUEST

After all debts, taxes, expenses and all other bequests have been paid, CCCF receives all or a portion of the estate's remaining assets. It may augment a general or specific bequest to the Foundation if the size of the estate allows, or may ensure

CONTINGENT BEQUEST

Name CCCF as the contingent beneficiary in case a beneficiary dies before the client or disclaims the property.

WHY A LIFE INSURANCE GIFT MAY BE RIGHT FOR YOUR CLIENT

Life insurance is often purchased when people want protection for their family, business or estate. However, in later years they often find they do not need all the insurance they did when they were younger. As a result, it may become desirable to use life insurance policies for charitable giving.

There are two ways to use life insurance as a charitable gift:

Central Carolina Community Foundation as Owner and Beneficiary

If you want to achieve immediate tax benefits, consider irrevocably transferring an insurance policy to CCCF by obtaining a change of ownership form from the issuing company.

Benefits:

- Your client can make a much larger gift than they might have thought possible without reducing their current stream of income.
- Any type of fund may be established with an insurance policy.
- They can receive an immediate federal income tax charitable deduction in the year of the transfer. The value of the deduction is equal to the lesser of the policy's replacement value or the cost (in terms of net premiums paid).
- They can take an income tax deduction even if the policy is not yet paid up. Premium payments they make after the policy is transferred are treated as charitable contributions.

CCCF as Primary or Contingent Beneficiary

Perhaps your client wants to help the community, but is not ready to give up ownership of their life insurance. They may want access to the cash surrender value or may need the policy as collateral.

Instead of transferring the policy, they can name the Community Foundation as primary beneficiary of their insurance. Or, if they prefer, they can name a member of their family as the primary beneficiary and the Community Foundation the contingent or successor beneficiary to receive the proceeds if the primary beneficiary predeceases them.

Benefits:

- Retain ownership of the policy, access to the cash value and the right to change the beneficiary.
- Avoid federal estate tax on any proceeds payable to the Community Foundation upon the donor's death.

Since your client retains ownership of the policy, there is no charitable deduction for the value of the policy upon designation of the charitable organization as beneficiary or for subsequent premium payments.

Example:

John Smith purchased a \$50,000 whole life policy years ago, to guarantee funds for his children's education. His children have graduated and are now financially independent, yet John still owns the policy and pays the \$1,000 annual premium. The policy's replacement value is \$22,000 and the net cost equals \$23,000. John decides to transfer the policy to the Foundation. His maximum tax savings, in his 27 percent bracket, could be \$5,940. In the coming years, John pays \$1,000 annually to the Community Foundation, which then pays the insurance premium or makes the premium payments directly to the insurance company. In either case, John has made a charitable contribution of \$1,000 each year. After John's lifetime, a permanent fund will be established in John's name at Central Carolina Community Foundation for the charities and causes he selects.

WHY A CHARITABLE REMAINDER TRUST MAY BE RIGHT FOR YOUR CLIENT

Charitable remainder trusts offer a great deal of flexibility. There are many reasons why people choose them to make significant charitable gifts:

- Provides greater spendable income for themselves, their spouse or children.
- Offers substantial tax benefits including a current income tax charitable deduction, elimination of capital gains taxes and may avoid estate taxes.
- Benefits the community. Upon the death of the trust's income beneficiaries, the remaining assets are transferred to a fund benefiting charities of your client's choice and/or to one of the Community Funds.

A charitable remainder annuity trust or unitrust may provide payments to your client for his or her life or for a fixed term not exceeding 20 years. Then, payments may be directed to their spouse or another beneficiary after their death, or the trust may be set up by their will, benefiting a loved one for his or her lifetime.

Charitable Remainder Annuity Trust (CRAT)

There are subtle differences between a charitable remainder annuity trust and a charitable remainder unitrust. An annuity trust provides fixed dollar amount payments to the donor each year. Payments must, according to law, equal at least five percent {5%} of fair market value of the property initially placed in the trust. As a result, your client may not add to an annuity trust in future years.

An annuity trust may be particularly suitable for a beneficiary who needs the security of a fixed annual income and recognizes that future inflation may reduce the value of the income.

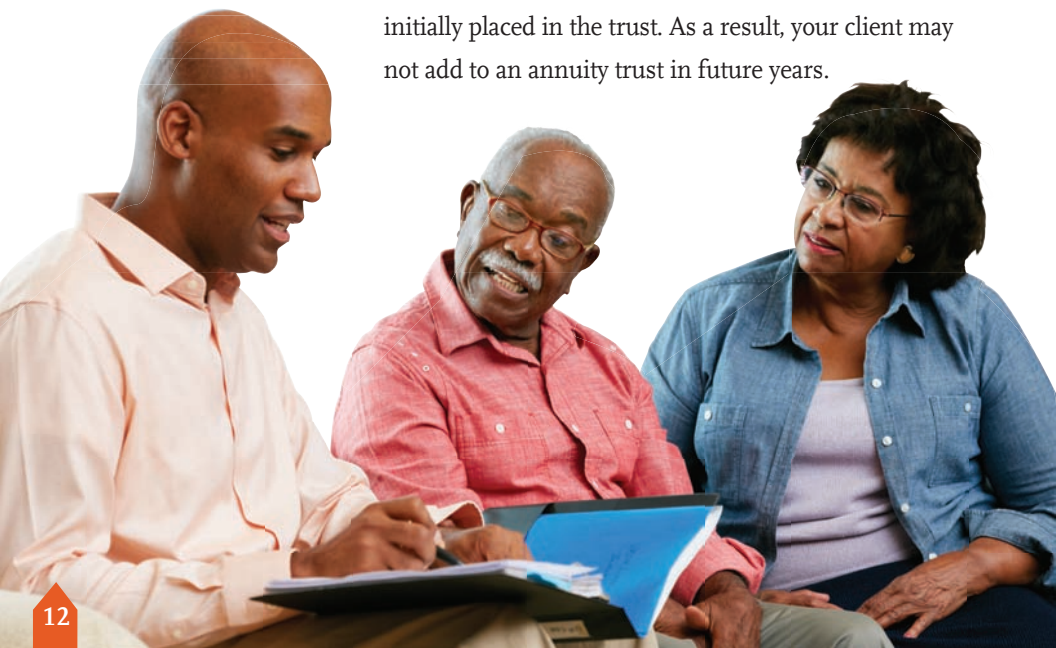
Charitable Remainder Unitrust (CRUT)

On the other hand, a unitrust requires an annual payout equal to a specified percentage of the annual value of the trust's assets. Therefore, the amount the income beneficiary receives each year will increase and decrease as the asset values change. The tax law requires this payout percentage to be equal to at least five percent {5%} of the assets, fair market value.

Because the payout is based on an annual valuation, your client may add to the principal of a unitrust in future years. The variable nature of the unitrust payment may provide the beneficiary with a hedge against inflation — assuming a growth in value of the trust assets comparable to the inflation rate.

Considerations:

- Central Carolina Community Foundation will receive all of the trust's assets when the trust terminates.
- Your client may receive more income from the charitable trust than they were realizing from the contributed assets.
- If they place low-yielding securities in the trust, the trustee can sell them, reinvest the proceeds in higher yield investments and neither the trust nor the client will have to pay any tax on the capital gains realized at that time.
- Your client, as the beneficiary of the trust, will pay federal income tax on amounts distributed by the trust.
- Income received retains its character from the trust. For example, if the trust received both ordinary income and capital gains, the distribution is deemed to come first from the ordinary income, while any excess is deemed to be from capital gain income. It is even possible to receive tax-exempt interest or tax-free return of the principal from the trust.



WHY A CHARITABLE GIFT ANNUITY MAY BE RIGHT FOR YOUR CLIENT*

A charitable gift annuity is a way for your clients to receive a guaranteed income for life and an immediate income tax deduction, while at the same time leaving a legacy to the charitable causes of their choice.

Tax Advantages The tax advantages are two-fold. First, they receive an immediate income tax charitable deduction when they create their annuity. This is based on your client's age and annuity payout rate. Second, a portion of the payments they receive may be treated either as tax-free return of principal or long-term capital gains. These tax advantages increase the net income they receive, and they may receive more income from the gift annuity than they were realizing from the contributed assets.

How it Works A simple contract guarantees your client a fixed income in exchange for a gift to the charity. When they transfer cash or marketable securities to the charity, they receive a fixed stream of income for life. After paying the lifetime annuity and a second annuitant, if they choose, the remaining principal benefits the charity.

Payments Payments to your client are based on their age — the older they are, the higher the rate. If the annuity is for both the client and his or her spouse, the calculation is based on their joint ages. They can choose to receive payments quarterly, semi-annually or annually. If they do not need the income now, they can use a deferred plan and receive the income tax deduction now, but begin receiving payments when they reach a specific age. The charitable gift annuity has components of both a charitable gift and a life income plan. You can check rates and current rules regarding annuities at the American Council on Gift Annuities website, www.acga-web.org.

**CCCF does not offer charitable gift annuities.*

WHY A CHARITABLE LEAD TRUST MAY BE RIGHT FOR YOUR CLIENT

Assets transferred to the trust are eventually returned to the donor or, more typically, to the donor's beneficiaries after a specific number of years, one or more lifetimes or a combination of the two.

Charities receive support through income paid to CCCF annually while the assets remain in the trust. These payments are used for the charitable purpose your client designates.

- By minimizing estate taxes, your client's beneficiaries receive more than they would have otherwise.
- Future generations inherit value at greatly reduced tax levels.
- Depending on your needs, consider the two types of charitable lead trusts:

Charitable Lead Annuity Trust (CLAT)

There are subtle differences between a charitable lead annuity trust and a charitable lead unitrust. An annuity trust provides fixed dollar amount payments to the Community Foundation each year, expressed as a percentage of the fair market value of the property initially placed in the trust. As a result, your client may not add to an annuity trust in future years.

Charitable Lead Unitrust (CLUT)

On the other hand, a unitrust requires an annual payout equal to a specified percentage of the annual value of the trust's assets. Therefore, the amount the Community Foundation receives each year will increase and decrease as the asset values change. Because the payout is based on an annual valuation, your client may add to the principal of a unitrust in future years.

Considerations:

- The beneficiaries of your client's trust will receive all of the trust's assets when the trust terminates. Any asset growth that occurs within the trust will be distributed to their trust's beneficiaries free of gift or estate tax.
- They do not receive a charitable deduction for federal income tax purposes upon creating a lead trust unless they choose to be taxed on the trust income (i.e. the income that will be paid to the Community Foundation).
- You may find that taking a federal income tax deduction in the initial year outweighs the disadvantage of paying taxes on the trust's income in later years.
- Avoid negative tax impact by funding the lead trust with tax-exempt securities. It is possible to establish the lead trust during your client's lifetime or through their will.

WHY A QUALIFIED RETIREMENT PLAN GIFT MAY BE RIGHT FOR YOUR CLIENT

We are beginning to see the first generation in history to die with a balance in an IRA or other qualified retirement plan — (401(k)s, 403(b)s, Keogh plans, defined contribution and defined benefit plans, profit sharing and others.

Currently subject to both estate and income taxes, your client's qualified retirement assets left in his or her estate could be significantly reduced. Naming Central Carolina Community Foundation as a beneficiary of a qualified retirement plan allows them to designate the total accumulation for charitable causes most important to them.

Considerations:

As you and your client consider naming a charitable organization or charitable remainder trust as the beneficiary of all or part of the balance in a qualified retirement plan, understand:

- If they are married, generally federal law requires the spouse to be named the survivor beneficiary from retirement plans. However, it is possible for a spouse to waive survivor rights in favor of a charitable organization or a charitable remainder trust.
- Review the “minimum distribution amounts” your client may be forced to take at age 70 or later. Gifting a portion or all of the qualified plan could impact the calculations.

WHY A REAL PROPERTY GIFT MAY BE RIGHT FOR YOUR CLIENT

Whether your client wishes to simplify their financial life by selling real estate such as vacation homes, rental buildings, lots and farms, or perhaps they want to take advantage of the dramatic rise in value a particular piece of real estate, contributions of real property can be an attractive alternative.



Consider the following benefits:

- Avoid capital gains on the sale of the property and take a charitable tax deduction for the fair market value of the real property.
- Eliminate the burden and some of the expense associated with a commercial sale.
- Some contributions of real property may provide a life income through a charitable gift annuity or charitable remainder trust.
- Charitable needs in the community receive support through a gift of real estate to Central Carolina Community Foundation. After carefully evaluating the particular property, the Foundation will advise you on how best to contribute the property.
- Designate that the proceeds support one of CCCF's existing funds or establish a permanent fund to support your charitable interests.

WHY A GIFT OF SECURITIES MAY BE RIGHT FOR YOUR CLIENT

Gifts of appreciated securities (bonds and stocks, including stock in closely-held companies) can be used to establish or add to a charitable fund. Many people find they are able to make a larger gift using appreciated securities instead of cash.

Stocks and Bonds

- Gifts of appreciated securities also avoid capital gains tax on the appreciated portion of the gift.
- Just like gifts of cash, there are maximums of how much can be claimed as charitable income tax deduction in the year of the gift. Excess amounts can be carried forward for up to five additional years.
- Gifts of closely-held stock result in the same tax benefits.

Stock Options

An increasing number of employees receive stock options as part of their compensation plans. In most cases, outright contributions of options are either not possible or do not offer tax advantages to donors. However, contributions of stock received through the exercise of stock options offer the same tax advantages as other contributions of capital-gain property subject to the holding period requirements.

The tax treatment of stock options depends on whether the options are qualified or incentive stock options under federal law or non-qualified stock options. Generally, qualified options may not be transferred during lifetime, even as charitable transfers. Options that have not been exercised upon one's death can be transferred to others, including charitable organizations.

Non-qualified options may be transferred as charitable contributions if the plan allows, but no charitable contribution deduction may be claimed because the transfer is subject to conditions.

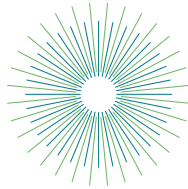
QUESTIONS?

Please feel free to contact us!

Call or email Heather Sherwin, Vice President for Development

803.254.5601 x331

heather@yourfoundation.org



CENTRAL CAROLINA
Community Foundation

2711 Middleburg Drive

Suite 213

Columbia, SC 29204

803.254.5601

f. 803.799.6663

www.yourfoundation.org



Confirmed in Compliance with National Standards
for U.S. Community Foundations