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## WHAT'S HAPPENING

### CGA Rates Adjustments

Charitable Gift Annuity rates have changed modestly as of July 1, 2011. Annuity rates will be slightly higher in the most common age bracket, ages 75-85. Most other age groups have decreased. For more information, see [acga-web.org](http://acga-web.org).

### New Staff

CCF is pleased to welcome Nichole Baker, vice president, development and donor relations, and Nike Irvin, vice president, programs, to its leadership team. Read more at [calfund.org/leadership](http://calfund.org/leadership).

### New Offices

CCF has moved! Our new address is 221 S. Figueroa St., Suite 400, Los Angeles, CA 90012. Our phone numbers remain the same.

# TOM TIERNEY ON GIVING SMART

*Tom Tierney is co-founder and head of The Bridgespan Group, a nonprofit consulting firm, and former managing partner worldwide of Bain & Company. He recently spoke at a luncheon for members of The Legacy Society about his book, Give Smart: Philanthropy That Gets Results, co-authored with Joel Fleishman. Here is an excerpt from our exclusive interview for CCF donors, advisors and grantees.*



Tom Tierney (CCF photo by Jo Olivera)

### What has changed in philanthropy over the last 100 years and what is still the same?

**TT:** What hasn't changed is first, the basic idea that all philanthropy is personal. Second, the basic notion that it's not just about money, but exerting time and influence and adding value in other ways. Third, the basic notion that results are a choice, that you get to decide your philanthropic goal. And fourth, the basic notion that it's hard, and that it's harder to change lives than to make widgets.

That said, what has changed? There's more money, more talent, more ideas. There's more innovation. And obviously the tools have changed. What excites me about the next couple of decades is this combination, that I think is going to help us solve the social problems we were only able to chip away at.

### We've seen community foundations develop over the last generation. What do you see as their role?

**TT:** I think there is enormous, untapped potential in community foundations. Face it, all

philanthropy is local. People give to things they can touch. That they're involved with. You give to things that you are connected to. What better way than to work with the local community foundation? Local community foundations don't just add administrative value, they add strategic value. They help donors who want to solve problems, solve problems.

**"Local community foundations don't just add administrative value, they add strategic value."**

My hope for the next couple of decades is that the most innovative, aggressive, results-oriented community foundations step forward, and that donors see them as a viable, highly attractive opportunity to put their resources to work in a highly leveraged way.

Community foundations have the knowledge of the community, they have the relationships, they understand how to attack tough community problems.

### What are your thoughts on the question of giving now, for example through giving pledges, or leaving a legacy and endowing dollars?

**TT:** All philanthropy is personal and so there's no right or wrong. The impulse to lend a hand to help others is an incredible impulse. Whether it's giving now or giving later. Giving big or giving small. Whether it's providing time or money or both, whatever that is, we want more of that. We want a lot more of that.

Time and influence matter just as much, and maybe more so than money. As someone said the other day, it's really hard to volunteer

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# SQUEEZING WATER FROM STONE

## The Tax Benefits of Closely-Held Stock Gifts

*Closely-held stock is just one of many complex assets that CCF accepts. This complex asset can be very limiting for a stockholder, since the options to sell are few. But with CCF as a partner, your clients can find solutions through giving that create win-win, tax-advantaged solutions. Here are examples of three types of closely-held stock situations that may help your clients create liquidity for philanthropy and reap tax benefits.*

### BEFORE AN IPO

IPOs are exciting moments in the life of a company. But for an early investor, an IPO can present major tax liabilities if large gains are involved. A CCF donor found himself in exactly that predicament and wanted to offset some of his gain with a charitable gift. He chose to work with CCF because many of his preferred charities did not have the expertise to accept complex assets.

When the donor reviewed all agreements to which he was a party that governed the transfer of the shares, he realized that the documents did not allow for transfers to others. Working with the corporation, he amended the documents to allow for transfers to tax-exempt entities and procured an appraisal. With that complete, he transferred shares to a CCF Donor Advised Fund, and CCF sold the stock as soon as feasible after the public offering. From there, he was able to make grants to charities of his choice over time.

### UPON RETIREMENT

A donor with a long tenure at a closely-held company had benefited from equity ownership opportunities, and had seen the value of her ownership interests grow exponentially with the company's success. When the donor was ready to retire, she wanted to diversify her investments and sell some of this stock.

She transferred the stock to a CCF Donor Advised Fund. On a non-prearranged basis, the company bought the stock back from CCF, at which point the donor had liquidity to begin grantmaking.

### EMPLOYEE STOCK OWNERSHIP PLAN

Using an employee stock ownership plan, a successful businessperson with closely-held stock can make a charitable contribution with a 200 percent deduction at fair market value – 100 percent for the businessperson and 100 percent for the company.

For example, a CCF donor had started a closely-held C-corporation with his business partners, and after many decades, the company had taken off. His corporation had an ESOP to provide an additional benefit to employees and provide extra motivation for high performance.

Most of his wealth was tied up in the company, and he wanted to start making larger donations to charities, but had little cash to do so.

The donor was able to broker the following set up with CCF's help:

1. Donor contributed some closely-held stock to a CCF Donor Advised Fund.
2. Donor got an appraisal and the fair market value (FMV) for his gift which was 100 percent tax deductible.
3. Donor's corporation made a cash contribution to the ESOP in an amount equal to the FMV of the contributed stock. The corporation got a 100 percent tax deduction for the contribution to the ESOP.
4. On a non-prearranged basis, CCF sold the closely-held shares to the ESOP at fair market value, giving the donor liquidity in his Donor Advised Fund so he could begin to make grants.

The information provided is general and educational in nature. The California Community Foundation does not provide legal or tax advice. All potential donors should consult a tax advisor to properly determine the tax consequences of making a charitable gift to the California Community Foundation.

For more information on how these and other gifts of complex assets can benefit your clients, contact any member of our Charitable Business Development Team at (213) 413-4130:



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# DONOR LEGACIES FUND \$2 MILLION IN GRANTS

*This summer, CCF will award more than \$2 million through nearly 300 grants from restricted funds. These funds are usually set up as part of a legacy or bequest, where a donor designates a specific nonprofit recipient to receive an annual payment in perpetuity. Restricted funds – just one of the options for donors leaving a legacy – vary widely. We have funds started decades ago, supporting organizations of all types in all locales, from Los Angeles to a tiny town in Italy.*

Many donors choose to partner with CCF on bequests and planned gifts, especially for these reasons:

- They can change their mind at no cost. When they specify CCF as a beneficiary, your clients can write perpetuity instructions for CCF's use that are as detailed as they would like, and change them as often as they like, without incurring the extra costs of revising a will or trust each time.
- They know we'll be there. With 96 years of history and a mandate to steward assets in perpetuity, CCF will be here for

generations to come. What's more, if a specified recipient ceases to exist or changes its charitable purpose, we will adjust based on a donor's wishes to keep giving relevant and viable.

- They can mix and match. Many donors want to support particular, favorite nonprofits, but they may also have concerns about the long-term effectiveness of such a gift, or they might want to leave a fund for their children to continue the family's philanthropy. Donors can choose one or several funds, including: a Restricted Fund, that supports specific nonprofits; a Field of Interest Fund, that supports a cause specified by the donor with CCF in charge of making those grants; or a Donor Advised Fund for a family member or other advisor.
- They can keep their trusted advisors. Donors can choose to have a specific investment advisor manage their fund after they pass away.

To learn more about legacy giving for your clients, please contact the Charitable Business Development Team at (213) 413-4130.



*Reynolds Cafferata and Leah Bishop conducted a workshop for advisors on the Tax Relief Act. (CCF photo by Jo Olivera)*

## **Cafferata, Bishop Share Tips on Tax Relief Act**

Eighty attorneys, accountants and other wealth advisors took advantage of CCF's free continuing education seminars to learn about the implications of the 2010 Tax Relief Act from attorneys Reynolds Cafferata, partner at Rodriguez, Horii, Choi & Cafferata LLP, and Leah Bishop, partner at Loeb & Loeb. To sign up for a case study for Fall 2011, please contact Nichole Baker, vice president of development and donor relations, at (213) 452-6241 or nbaker@ccfund.org.

**"CCF will make you look good. If you send clients to CCF, they will say thank you for that introduction."**

**– Leah Bishop**

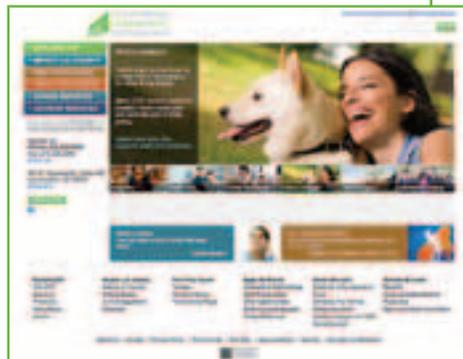
## New Website Makes Your Work Easy

CCF's new website is designed to be easier to use, more intuitive and faster for you and your clients.

### What's New for You:

*Advisor Services Section offers:*

- Tips especially for you
- Straightforward information about solutions we provide that increase your revenue and ease your burden, while satisfying your clients
- Information about Continuing Education opportunities. Sign up in just one easy step!



*Investment Options Made Easy* - New page explains your clients' options for investment pools with CCF: [calfund.org/investment-options](http://calfund.org/investment-options)

*Administrative Fee Calculator* - Check out our fees in a flash: [calfund.org/fees](http://calfund.org/fees)

### What's New for Your Clients:

*Causes Section* - Learn what causes people in L.A. feel passionately about: [calfund.org/causes](http://calfund.org/causes)

*Fund Giving Pages* - If your clients have an online giving page for their fund at CCF, it's now simpler to find and easier to donate! [calfund.org/fund-giving](http://calfund.org/fund-giving)

*Easy Grantmaking Resources* - Have you wanted quick and easy access to Guidestar, Charity Navigator and other helpful resources to help you assist your clients in making grants through CCF? Find it now: [calfund.org/grantmaking](http://calfund.org/grantmaking)

*Funds in Focus* - Find out the latest on priority areas and special initiatives of CCF in this section: [calfund.org/fundsinfocus](http://calfund.org/fundsinfocus)

What else would you like to see? Please share your ideas with us at [info@calfund.org](mailto:info@calfund.org).

## Enjoying this newsletter in print?

If so, you can find more in the electronic version which can be sent directly to you at your primary email address. Plus, give a free subscription to a colleague or friend, at [calfund.org/subscribe](http://calfund.org/subscribe).

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time if you've passed away. So if you want to contribute more than money and you want to get the benefit, the personal rewards of serving others, why wait?

**Donors find themselves challenged to determine whether their money is going to subsidize what government could be doing, or should be doing, versus really serving as a leverage or tipping point. What do you think?**

**TT:** Philanthropy's a rounding error compared to government. So, it requires asking "What is philanthropy uniquely qualified to do?" It can't subsidize, it just cannot.

Philanthropy can identify social sector organizations that are critical for communities, and can do everything it can to make sure those organizations survive and prosper even during tough times. Philanthropy can invest in talent, philanthropy can innovate, philanthropy can encourage collaboration, philanthropy can advocate. Philanthropy can do those kinds of things, because it can mobilize time and influence, as well as money.

But philanthropy cannot be the safety net for government. It actually has to be the other way around.

## WHAT YOU SHOULD KNOW ABOUT COMMUNITY FOUNDATIONS

Community foundations are 501(c)(3) corporations that:

### COMMUNITY FOUNDATIONS:

- \* Provide accountants, attorneys and other consulting professionals with direct access to experts in all aspects of philanthropy
- \* Improve a firm's value to clients while eliminating or reducing problems associated with charitable giving
- \* Pool and direct resources to increase the efficiency and effectiveness of philanthropy in the communities they serve
- \* Typically concentrate their grants to local nonprofits in a limited number of areas such as education and human services



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The California Community Foundation meets the most rigorous standards in philanthropy and complies with the National Standards of U.S. Community Foundations.



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