



LUTHERAN
COMMUNITY
FOUNDATION

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Sydney Community Foundation
Professional Advisors Network
7 April, 2008



LUTHERAN
COMMUNITY
FOUNDATION

LCF AS YOUR CHARITABLE PARTNER WHAT WE OFFER



Why partner with the LCF
for charitable solutions?



WHAT WE OFFER COMPETITIVE PRODUCTS



- Broad range of charitable giving options designed to meet the specific needs and interests of your client.
- Charitable fund options that go beyond the gift fund offerings of Fidelity, Vanguard and Schwab.
- Less cost, less hassle than private family foundation.



WHAT WE OFFER

DONOR DRIVEN SERVICES



- Expertise in fund design and giving tools to maximize impact of each gift.
- Assistance with charitable goal setting, researching charities and grantmaking.
- Regular financial statements.
- Reports and analyses on giving trends.
- Commitment to serving donors – 800 # and online services.



WHAT WE OFFER VALUE TO DONOR



- Donors give to the charities and causes that match their specific values and interests.
- Gifts qualify for maximum charitable tax deduction.
- Affordable giving options – you don't need to be wealthy to be a philanthropist.
- No cost to creating charitable fund, 1% annual administrative fee on assets.



WHAT WE OFFER

SUPPORT FOR FR



- Assistance facilitating charitable gifts to meet your clients' specific goals.
- Technical expertise in gift planning, including computer illustrations.
- Support materials/resources for seminars and presentations to clients.
- Education via field training and FR newsletter.
- Toll-free and online services for FRs and their clients.



WHAT WE OFFER COMPENSATION



- Gifts are invested in products that provide compensation to FR.
- Life insurance compensation.
- Commission is 1% on the dollar amount invested.
- Opportunities for additional sales.



WHAT WE OFFER DIFFERENTIABLE FOR FR



- Opportunity to meet all of the financial needs of donors, including their charitable goals.
- Consistent with FR values and Advice Platform.
- LCF offers positive donor experience that adds value to FR–donor relationship.



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SEVEN AREAS OF FINANCIAL CONCERN





GOALS & CONCERNS

STRENGTHENING FINANCIAL POSITION

Do you have low income-producing assets set aside that you would like to exchange for higher income payments?

SOLUTION

By transferring securities to a charitable gift annuity you increase income, receive an income tax deduction and make a gift.



GOALS & CONCERNS

PROTECTING FUTURE



Are you looking for a new source of ongoing income to support long term care or disability insurance?

SOLUTION

A charitable gift annuity can provide a stream of income that you need for long term care and a portion of that income is tax free.



GOALS & CONCERNS

INVESTING WITH PURPOSE



Are you looking to leave a stream of income to your children or grandchildren rather than a large one-time payment?

SOLUTION

A multi-generation or testamentary charitable trust will provide long-term support for family members.



GOALS & CONCERNS DEVELOPING TAX STRATEGIES



Are you holding on to appreciated assets (securities or real estate) because of potential capital gains taxes?

SOLUTION

Transferring appreciated assets to a charitable life-income gift avoids capital gains and provides income.



GOALS & CONCERNS HELPING OTHERS



Do you have any areas of concern that are addressed by multiple organizations? Perhaps it's disaster relief, the environment or a disease that has touched your family.

SOLUTION

A Field of Interest Fund can support any interest area that you can describe.



GOALS & CONCERNS

ENSURING FINANCIAL INDEPENDANCE / RETIREMENT



Have you maximized your contributions to your IRA and 401k and still looking for retirement income?

SOLUTION

A deferred charitable gift annuity provides income tax deductions now and income later when you need it.



GOALS & CONCERNS

LEAVING A LEGACY



What organizations, institutions or individuals have provided the greatest influences in your life and how might you want to remember them?

SOLUTION

A scholarship program, an endowed chair at a college or maybe permanent support to a church mission program.



CONNECT OPTIONS





PRODUCT BASED CHARITABLE SOLUTION

DONOR

- Washington D.C. woman, age 28, who received a \$10,000 inheritance from grandmother.

GOAL

- Wanted to use this windfall to start a lifetime of philanthropy.

SOLUTION

- Gave \$10,000 to create a **Donor Advised Fund**.
- Donor received a \$10,000 charitable deduction.
- Plans to make additional contributions.
- She decides when, where and how much to grant from her fund, and whether to be anonymous.



PRODUCT BASED CHARITABLE SOLUTION

DONOR

- Minnesota business executive who receives stock as part of her compensation.

GOAL

- Wanted to build an family-based, charitable plan that could be funded with stock over time and make distributions to selected charities.

SOLUTION

- A **Donor Advised Fund** was created with \$25,000 cash, and later with stock valued at \$250,000.
- Distributions have been made to 5 charities.
- The children will become subsequent advisors.



ISSUE BASED CHARITABLE SOLUTION

DONOR

- Widow, age 74.

GOAL

- Has annuity worth \$251,000.
 - \$175,700 basis, \$75,300 taxable (30%)
- Does not want to pass income tax on to son.

SOLUTION

- Begins a settlement on annuity over 10 years.
- \$17,000 annual income tax free, used to establish a \$340,000 life contract for son.
- \$12,500 annual taxable income is gifted to LCF, which uses it to pay the premiums on a \$250,000 life contract owned by LCF.



ISSUE BASED CHARITABLE SOLUTION

DONOR

- Husband and wife in Ohio, ages 73 and 69.

ISSUE

- Want to stop managing an apartment building, benefit charities and provide for children.

SOLUTION

- Transferred apartment valued at \$265,000, basis of \$30,000, to a unitrust at the LCF.
 - Charitable deduction of \$85,000.
 - Bypassed capital gain, saving \$47,000.
 - Use portion of income for wealth replacement life insurance.
 - At deaths, remainder is a **Designated Fund**.



COMPREHENSIVE CHARITABLE SOLUTION

DONOR

- Iowa couple in their 80s.

GOAL

- To create a plan insuring a future gift for charities and provide a predictable increase in income.

SOLUTION

- For the past 3 years, the couple has established a gift annuity with a \$10,000 gift of cash each year.
- Each gift annuity provides an immediate income tax deduction, fixed income at high rates (7.7%), and income payments that are partly tax free.
- Their 2003 gift annuity in the amount of \$10,000 gave donors a \$4,173 deduction, annual income of \$770, \$500 of which is tax free.



COMPREHENSIVE CHARITABLE SOLUTION

DONORS

- A Texas couple in their 60s.

GOAL

- Chose to include charitable giving in their estate plan as part of a thorough planning process.

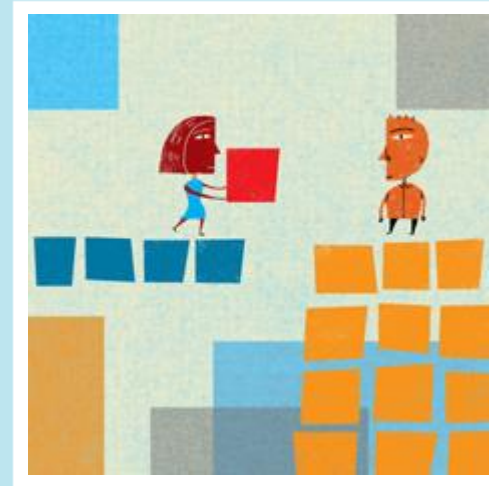
SOLUTION

- They established a **Designated Fund** with a \$200,000 gift of life insurance. The premiums are tax deductible. Their sons will be advisors to the fund upon the death of the parents. “The LCF could take our vision and make it a reality...We felt that it was very important to set an example for our children”



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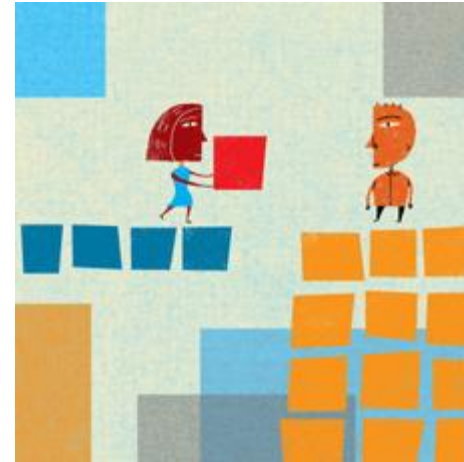
DESIGNING CHARITABLE GIFTS



Ways to Give – Assets, Tools
and Charitable Funds



TAILORED GIVING SOLUTIONS ASSETS



- Cash
- Publicly Traded Securities
- Closely Held Stock
- Real Estate
- Retirement Assets
- U.S. Savings Bonds
- Annuities



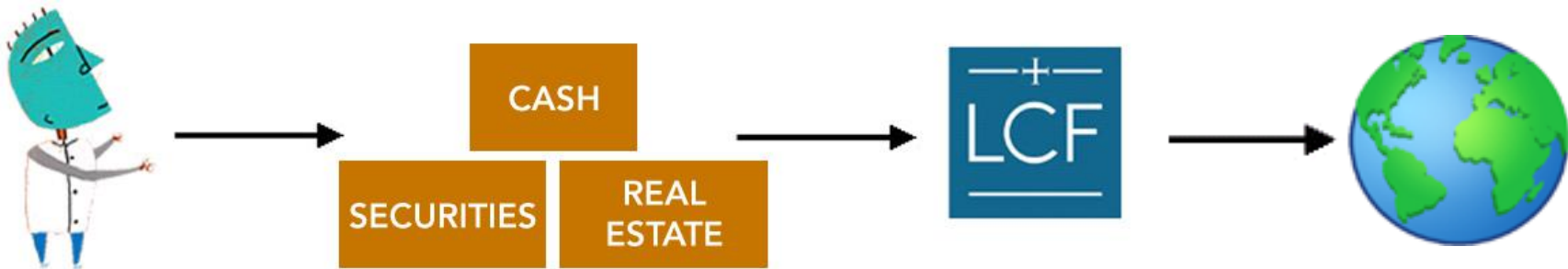
TAILORED GIVING SOLUTIONS TOOLS

- Direct Gifts
- Life Insurance
- Bequests in Will
- Beneficiary Proceeds
- Life Estate Reserved
- Gifts Providing a Stream of Income
 - Gift Annuities
 - Charitable Remainder Trusts



TOOLS

DIRECT GIFTS



Reduce Capital Gains Tax



**Receive Income Tax Deductions
Reduce Transactional Burden
Reduce Estate Tax**



TOOLS

DIRECT GIFTS



DONOR

- Wisconsin couple in their 50s.

GOAL

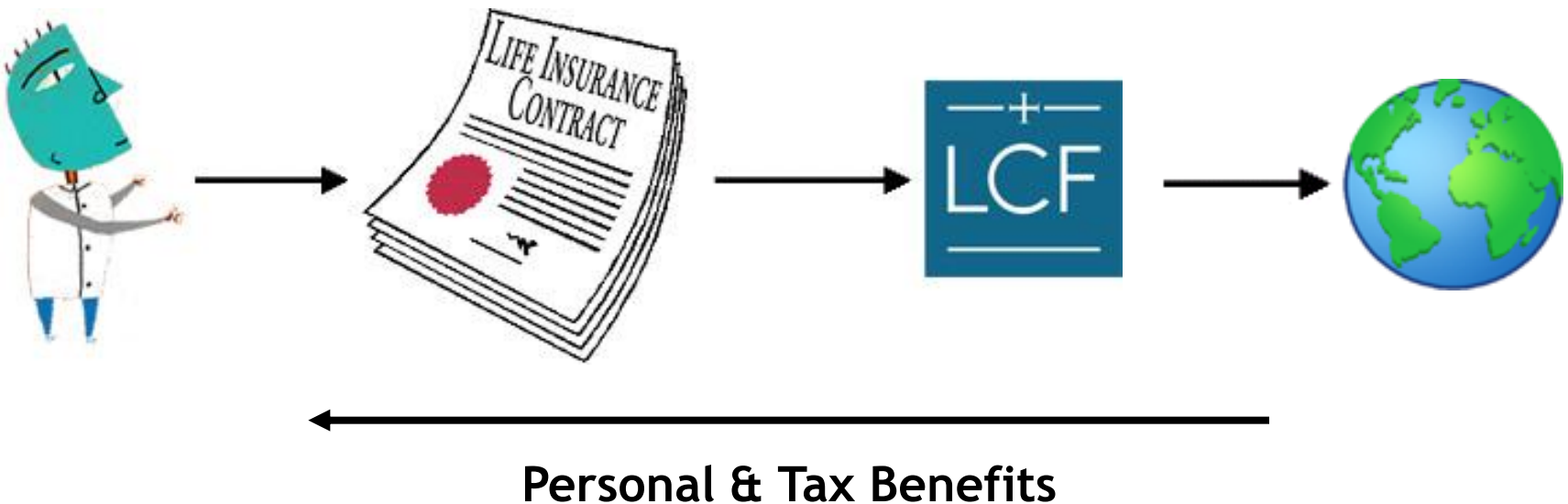
- Wanted to establish a scholarship fund in their deceased daughter's name to benefit students of her high school.

SOLUTION

- Made gift of \$30,000, plus additional memorial gifts, into a **Donor Advised Designated Scholarship Fund** in the daughter's name.
- Donors as well as family and friends donating to the fund received charitable deductions.
- Annual scholarships granted to students based upon criteria set by the donors.



TOOLS LIFE INSURANCE





TOOLS

LIFE INSURANCE



DONOR

- Ohio woman, age 71.

GOAL

- Wants to leave 10% of her \$750,000 estate to charity.
- Needs to take RMD from IRA, doesn't need income.

SOLUTION

- RMD contributed to LCF, receives tax deduction.
- LCF uses the RMD gift to pay premiums on a \$250,000 life insurance contract owned by LCF.
- Donor also changed beneficiary of her IRA to LCF to benefit her **Donor Advised Designated Fund** at the LCF.
- Total gift at her death estimated \$480,000 (life insurance plus estimated IRA).



TOOLS BEQUEST



Estate Tax Benefits



TOOLS BEQUEST

DONOR

- New Jersey woman, age 97.

GOAL

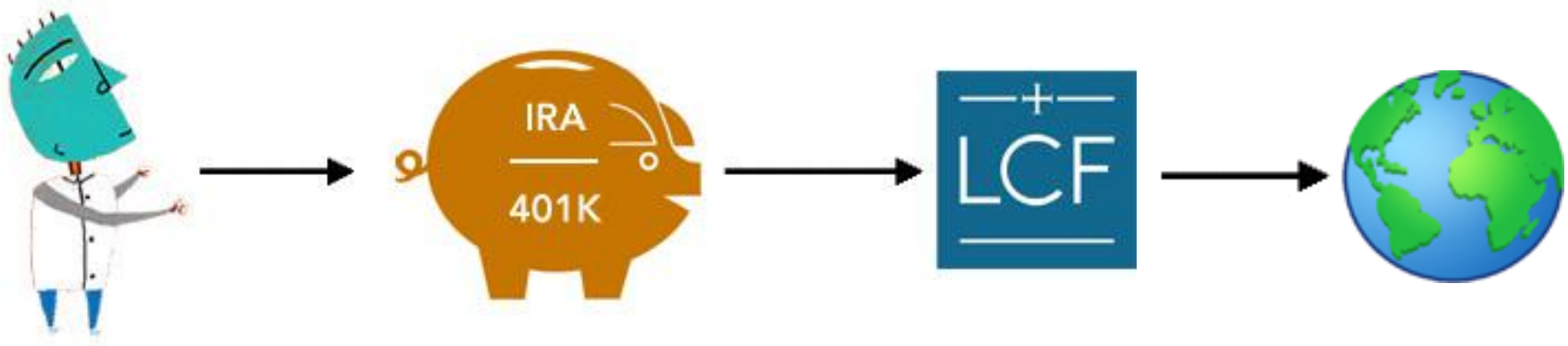
- Wanted to provide permanent support for wildlife preservation through her will.

SOLUTION

- Bequest of \$1 million to a **Donor Advised Field of Interest Fund**.
- After death, Foundation staff met with her executor to insure that her intentions were understood.
- The LCF researches specific charities corresponding to wildlife preservation and makes grants accordingly.
- Donor's estate received a charitable deduction.
- FR received \$10,000 and 10,000 ABCs.



TOOLS BENEFICIARY PROCEEDS



Estate Tax Benefits



TOOLS

BENEFICIARY

PROCEEDS



DONOR

- Colorado woman, age 65.

GOAL

- Before her death, she planned with her best friend that part of her assets would set up a permanent charitable fund in her memory.

SOLUTION

- Beneficiary proceeds of \$315,000 created a **Donor Advised Dynamic Fund** with her best friend, nieces and nephews selecting charities.
- The group meets annually to select charities and to set the amount of the grants. Initial charities included a local opera company. The fund will continue for several generations.
- FR received \$3,150 and 3,150 ABCs



TOOLS

LIFE ESTATE RESERVED



Life Estate



Personal & Tax Benefits



TOOLS

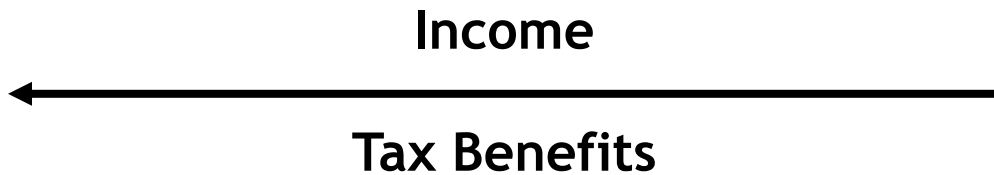
LIFETIME INCOME GIFTS

- Increase income.
- Diversify investments.
- Receive charitable income tax deduction.
- Bypass or spread out capital gain on long-term capital assets.
- Create income source for other products, such as long-term care.
- Benefit charity.



TOOLS

GIFT ANNUITY





TOOLS

GIFT ANNUITY



DONOR

- Arizona man, age 81.

GOAL

- Wanted to increase his income and benefit charity.

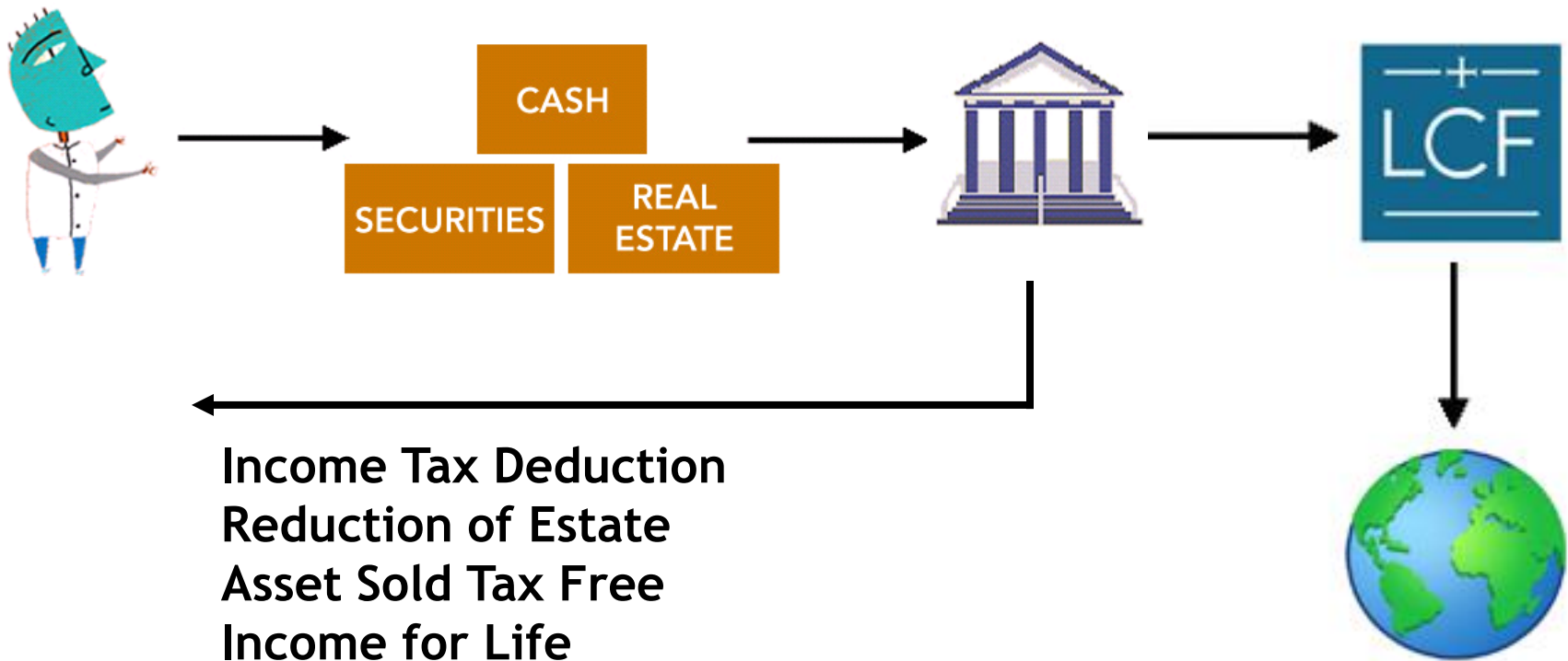
SOLUTION

- Made a gift of \$10,000 to the LCF for a gift annuity.
- Received a charitable deduction of \$5,047.
- Donor receives \$830/year for life (8.3%)
- \$562 of each annual payment is tax free.
- At death, remainder will become a **Donor Advised Designated Fund** to benefit his church.



TOOLS

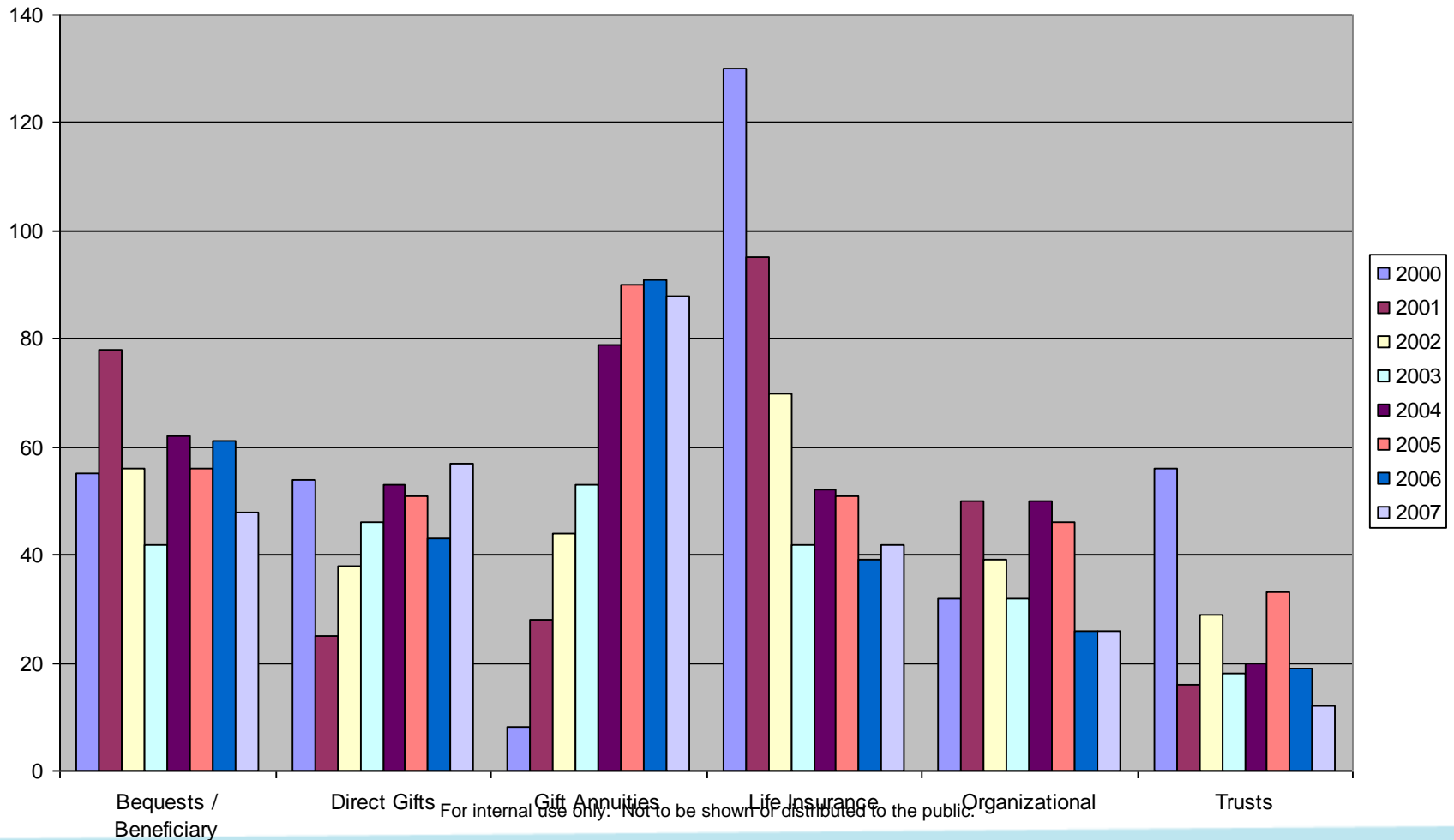
CHARITABLE TRUST





Gifts by Type Since 1995

Gifts by Type - Number of Gifts





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WORKING WITH FINANCIAL ADVISORS



SECTION

Charitable Giving Services

- Four staff including:
 - Three attorneys.
 - Three accountants.
 - Two in communications and marketing.
 - All active in leadership roles in nonprofits.



Charitable Giving Services Primary Constituencies

- Donors – existing and prospective.
- Financial representatives.
- Organizational fund advisors and committees
- 95+% of new and existing gifts from individuals come through FRs.
- FRs serve as Foundation's development arm.



Charitable Giving Services Primary Constituencies

- FRs have several charitable options for their clients:
 - Direct gifts to charities.
 - Gifts through private foundations.
 - Gifts through local community foundations.
 - Gifts through Lutheran Community Foundation.



Charitable Giving Services Goals Encouraging Gifts through the Foundation

- Increase awareness of the Lutheran Community Foundation in the marketplace.
- Deliver high quality support and services to FRs and their clients.
- Offer value as part of FR's business plan.
- In so doing, increase charitable giving through Foundation.



Our Service Goals

- Ensuring that a charitable gift is easy and cost effective for the FR to facilitate.
- Providing effective, clear presentation materials.
- Making the FR look competent and efficient.
- Being available to answer questions.
- Being available to brainstorm about potential gifts.
- Facilitating asset transfers.



Gift Process

- FR uncovers client's charitable intent.
- FR, client and LCF staff design charitable solution.
- Computer illustrations of some gifts presented to client.
- Choice of charities and other information obtained from client.
- Documents prepared.
- Asset transferred/gift completed.



Donor Demographics

- Donors in all 50 states in the U.S.
- Average age of donor: 69 years old
- Community of donor:
 - 20% suburban
 - 34% town
 - 23% large city
 - 23% rural



Size of Average Gift

- Average size of gift annuity: \$73,000.
- Average size of charitable remainder trust: \$192,000.
- Average size of life insurance gift: \$219,000.



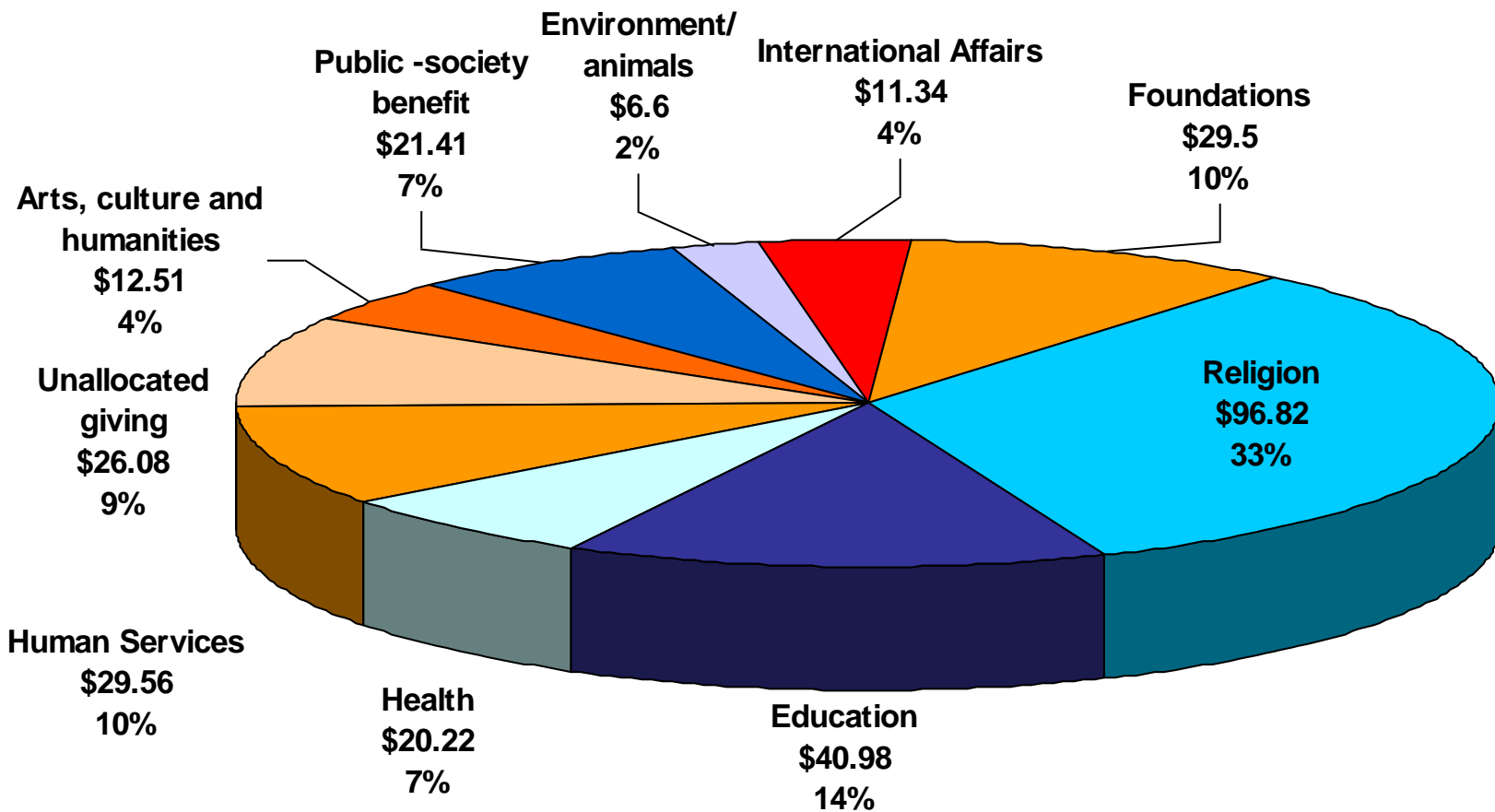
Charitable Giving Services Outcomes

- More than \$650 million in current and deferred gifts to the Foundation since fall of 1995.
- More than 1,000 Financial Representatives facilitated gifts from over 3,000 donors to the Foundation.
- 360 organizational funds created at the Foundation.
- In 2007, 268 new gifts, totaling \$52.8 million.
- Almost 1,000 computer illustrations prepared in 2007 – 13% gift realization.



2006 CONTRIBUTIONS: \$295.02B

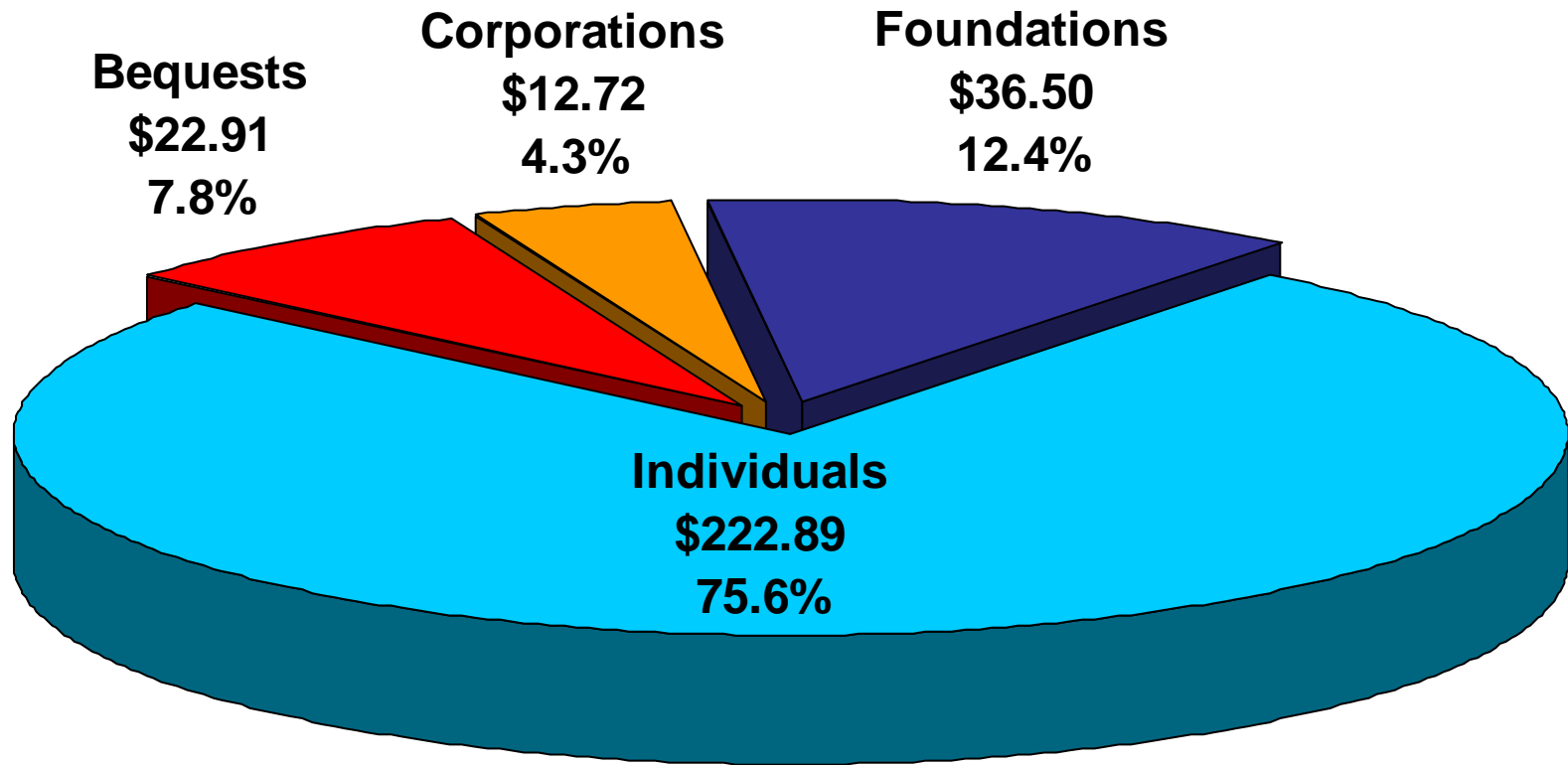
By Type, 2007 Giving USA





2006 CONTRIBUTIONS: \$295.02B

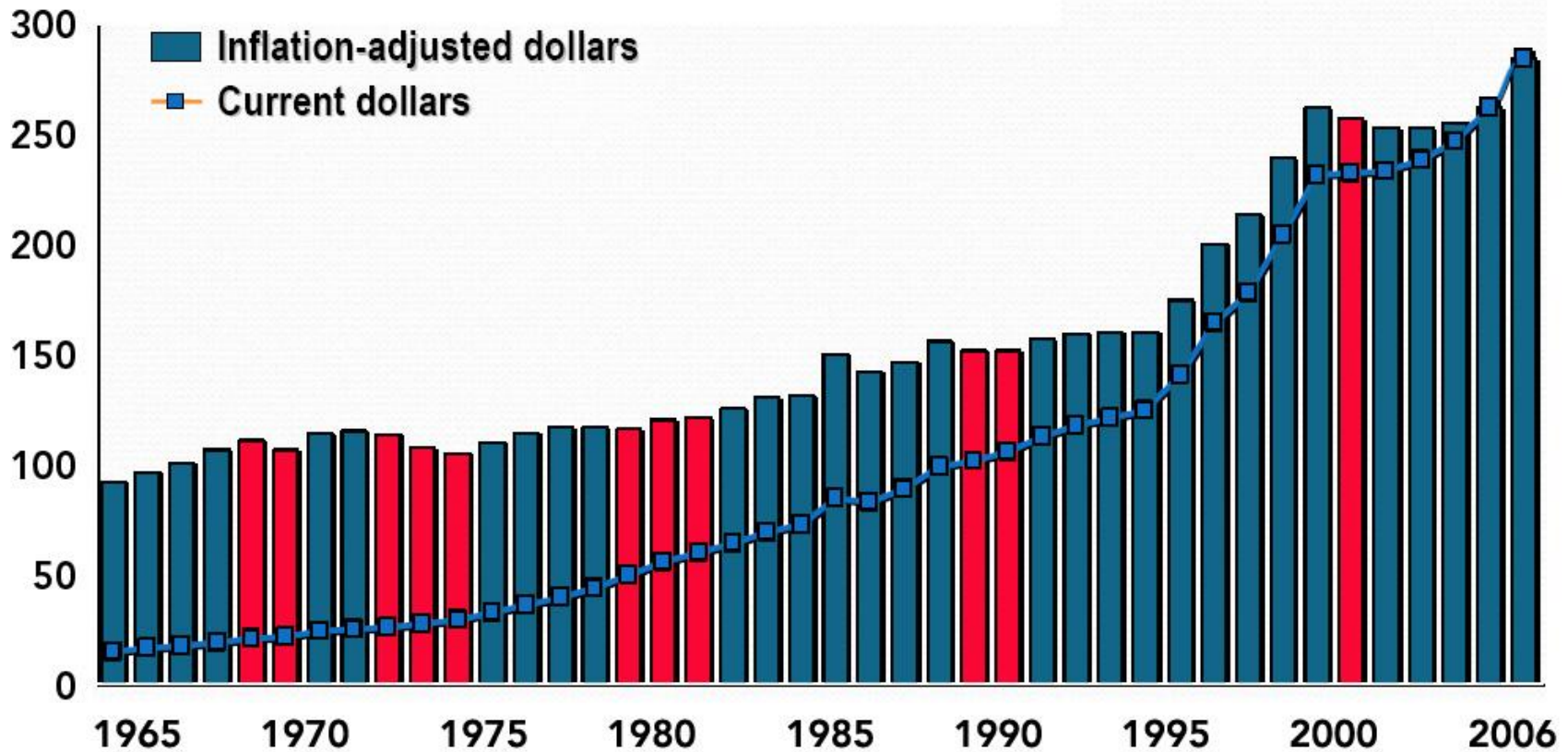
By Contribution Source, 2007 Giving USA





TOTAL GIVING, 1965-2006

(\$ in billions)



Recessions in red: 1969-70; 1973-75; 1980; 1981-82; 1990-91; 2001



Looking forward: 2008 FR Engagement Pilot:

- Exploring new ways to engage FRs and donors in charitable giving.
- Testing four concepts in specific geographic markets across the U.S.
- Integrating promotion, advertising, training and staff support.



Looking forward: 2008 FR engagement pilot

- **Brand-centered approach** - Minnesota, Colorado:
Co-branded advertising campaign promoting capabilities of FRs to help individuals and families act on values through charitable giving.
- **Product-centered approach** - Madison, Wisconsin:
Co-branded promotion of charitable gift annuities to members who match the profile.
- **FR-centered approach** - San Francisco, California:
Promotion of the charitable services of specific FRs by calling out their abilities via targeted mediums.



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THANK YOU!