

# Welcome

The Community Foundation of the Holland/Zeeland Area is a public charity that as of 2015 manages over \$55 million in charitable assets spread across 475 different funds that have been established by individuals, families, businesses, and nonprofit organizations in the Holland/Zeeland area. We offer a wide range of giving options tailored to the specific personal, financial, and charitable needs and objectives of our donors. We exist to help individuals and companies achieve their charitable goals and to build and manage our community's permanent endowment. We pride ourselves on being faithful stewards of donors' resources and making positive changes in the Holland/Zeeland area.

The Community Foundation of the Holland/Zeeland Area (CFHZ) offers expertise on charitable giving and the local community. As an attorney, certified public accountant, or financial advisor, you almost certainly have clients who have supported charitable organizations in our community during their lifetimes and who may wish to make gifts to charity through planned giving. We work with advisors like you to support and enhance the services you and your firm provide to your clients. You stay in control of your client relationships; we are here to help you serve your clients' charitable giving needs.

We know that preliminary conversations typically occur with your clients before they decide to talk to us, and we want to make those charitable conversations easy for you. The detailed information in this Giving Guide will inform and equip you as you guide your clients through the charitable decision making process, and we hope this guide will simplify and clarify various giving options. Throughout the guide you will find a variety of materials that you can offer to your clients as you explain what CFHZ does and discuss specific ways they can give through CFHZ. In conjunction with the handouts, we have provided a series of supporting Q&A documents to help answer questions your clients may have. You will also find that our complementing Annual Report is a great source of stories about others who have given through CFHZ. In addition to these printed materials, you can find all of these resources electronically on our website, [www.cfhz.org](http://www.cfhz.org).

If you or your clients have questions, would like additional information about charitable giving techniques or CFHZ, or if you are looking for additional resources in connection with charitable planning for your clients, please let us know.

We look forward to meeting with you and individual clients to provide further clarification, ideas, or perspective. Thank you for partnering with CFHZ to serve your clients' charitable interests and sustain the high quality of life Holland/Zeeland has to offer.

This information has been compiled as a resource regarding the giving opportunities available through the Community Foundation of the Holland/Zeeland Area. It is intended for persons who may be in a position to advise their clients on appropriate channels and/or methods for charitable giving. The information provided, however, is not intended to address technical and legal questions concerning individual estate planning needs and wishes; potential donors should seek the advice of legal counsel and/or financial advisors.

# Charitable Conversations...

## Why should I try to engage my clients in charitable conversations?

Advisors are often reluctant to begin a charitable giving conversation with their clients. The reasons are varied. Advisors may not be aware of a client's interest in philanthropy and assume the client is not charitably inclined.

- The reality is that a majority of clients *are already charitably inclined* and would not be offended—and would even welcome a dialogue on charitable giving.
- 95% of people give to charity during their lifetime, according to the Center on Philanthropy at Indiana University.

Often charitable giving is simply overlooked, and all it takes is a little nudge or reminder.

- 10% of people give to charity as part of their estate planning (Association of Fundraising Professionals research).
- Compared to the 95% who give during their lifetimes, this strongly suggests clients are not thinking about including charities in their estate plans and only need a little encouragement to do so.

In some cases, advisors are concerned about appearing to impose their values or influence how clients spend or give away their money or property.

- Most individuals expect their professional advisors to present a wide range of planning options, *especially those planning ideas the client might not have otherwise or previously considered.*
- Experienced advisors know that if the conversation is properly initiated, clients will not be offended or feel the advisor is imposing his or her values on the client.
- In fact, starting a charitable giving conversation adds value to advisors' client relationships. *It shows their interest in people and the community.*

Finally, clients and their advisors often share a love of their community. You do not have to be a millionaire to make a difference with charitable gifts. By not broaching the subject of charitable giving, a significant opportunity may be lost for the client and the community.

- Any amount can be contributed to our community's permanent philanthropic endowment, managed by CFHZ. If your client wants their own fund at CFHZ, it takes a minimum of \$10,000, and funds can be built over a five-year time window.
- According to a recent study by the Rural Policy Research Institute (RUPRI) Center for Rural Entrepreneurship, if everyone in the Holland/Zeeland area leaves 5% of their estate to the community, more than \$75 million will be invested locally in the next 10 years.
- If CFHZ and professional advisors together initiate more charitable conversations, our community will be the better for it.

# Charitable Conversations...

## What if my client is *not* charitably minded?

Some clients, when approached about charitable issues, may say something like, “my children are my charity.” However, in many cases, they have more than sufficient financial resources for retirement and their children’s needs. The key is to find something they have a connection to.

*Most people have a special affinity for the place where they live.* The community gave them many memories and contributed to their ability to be successful. While they may not have connected with any one charity’s mission in a deep and meaningful way, they most likely feel a sense of connection to the place they call “home.”

This is where CFHZ enters the conversation, because a gift to CFHZ is a gift to the community. CFHZ is not tied to a single social cause or mission; rather, it is focused on allocating resources to produce the largest possible benefit for the Holland/Zeeland area. An individual not accustomed to charitable giving doesn’t have to make a decision about which individual charities to support; they can give back to the community in general through a gift to CFHZ.

The key message is place. You need to connect the conversation back to their affinity for Holland/Zeeland, a place that has been good to them.

*Another common place of connection is faith.* Many people derive their sense of generosity and stewardship from their religious beliefs. All faith traditions value giving of oneself for the benefit of others. You might not always be comfortable asking your client how their faith impacts their decision making, but if you are, it is a great place to start a conversation about giving to others. Even for individuals who do not currently give much, faith is still often present in their life, and conversations about faith can lead to generosity.

## What if my client *is* charitably minded?

Many of your clients already make charitable gifts and have charitable priorities. By working to understand what is motivating them to give, you will be in a good position to help advise on what is the best asset or method for them to be giving. Your client is most likely being motivated by some of the following perspectives:

1. Someone I know asked me to give, and I want to help them.
2. I felt emotionally moved by someone’s story.
3. I want to feel I’m not powerless in the face of need and can help.
4. I want to feel I’m changing someone’s life.
5. I feel a sense of closeness to a community or group.
6. I need a tax deduction.
7. I want to honor someone.
8. I was raised to give to charity—it’s tradition in my family.
9. I want to be “hip,” and supporting the charity is in style.
10. It makes me feel connected to other people and builds my social network.
11. I want to have a good image for myself and/or my company.
12. I want to leave a legacy that perpetuates me, my ideals, or my cause.
13. I feel fortunate (or guilty) and want to give back to others.
14. I give for religious reasons—God wants me to share my affluence.
15. I want to be seen as a leader/role model.

When working with charitably-minded clients, encourage them to follow Max DePree’s advice: The question is not, “How much should I give?”...the real question is “How much should I keep?”

# Charitable Conversations...

“A gift to CFHZ is a gift  
to the **community**.”

## How will I know when to start a charitable conversation?

As with so much else that professional advisors do in consulting with clients, *active listening is critical*.

You can help your clients achieve their charitable goals by listening for charitable giving opportunities, explaining the various options, and suggesting solutions.

*Significant giving opportunities also arise when clients are making major business, personal, and financial decisions.* These are the key times to be talking to your clients about charitable giving.

Charitable giving is particularly effective when clients:

- Sell a business or business interest
- Sell real estate, including second homes and farms
- Liquidate appreciated assets such as stock and mutual funds
- Retire, particularly if the client takes lump sum payouts or is subject to IRA required minimum distributions at age 70 ½
- No longer need their amassed life insurance
- Experience windfalls that bring significant tax liabilities
- Mention or demonstrate a particular affinity to a charitable organization

These situations provide an easy transition into a discussion about giving to charity.

## How do I start a charitable conversation?

There are many questions which easily extend conversations you are already having with your clients. Ask a few simple opening questions that can begin a dialogue about charitable giving:

- How important is it that you convey your values to your children? Grandchildren?
- What was the most meaningful or satisfying gift you've made?
- How would you like to be remembered?
- What do you love about Holland/Zeeland?
- What change(s) would you like to see in our community?
- Did a specific nonprofit organization ever help you or loved ones? If so, what impact did it make on you?
- Would you like to learn how you can provide appropriately for your family while also providing meaningfully for your favorite charity or for the Holland/Zeeland community at large?

# Charitable Conversations...

## How can my client provide for their children and charity in their estate plan?

One of the difficult considerations for many charitably inclined individuals when engaging in estate planning is the question: “How much do I give to my family and how much do I give to charity?” For many parents, their primary wish is to ensure their children share their assets and possessions at their passing, but oftentimes they want to balance that with a desire to support charities they have given to for much of their lives. These individuals should consider using the “child called Charity” concept. The theory is that if your client has 3 children, instead of dividing the estate in thirds and leaving one third to each child, your client adds a fourth “child” and divides the assets in quarters, leaving 25% of the estate to each child. The fourth child is named “Charity.” *Their estate would be divided between the number of their children...plus one.* It’s as though they’ve added one child to their family, but that child is a single charity or a list of charities.

Another iteration of the same concept is “child called Community.” By naming CFHZ as an additional “child” in your client’s estate plans, it is as if your client is adopting our community as an heir of his/her hard-earned assets.

## What tools does CFHZ offer to assist my client during specific life situations?

The following are some typical scenarios that you may encounter when charitable giving through CFHZ can be helpful:

- **Distributing the charitable portion of your client’s estate** – Your client wants to give the charitable portion of their estate to nonprofits in the easiest way for all involved. We can disburse your client’s estate’s charitable gifts in a lump sum to any number of nonprofit organizations, or your client may perpetuate their yearly giving after they are gone with annual distributions to their favorite charities, payable over a number of years. Your client may change the charitable distributions as often as needed without returning to an attorney to rewrite or amend the will or trust. Your client’s executor will have less work to do and, should one of the specified nonprofits cease to exist, we follow your client’s predetermined directions to apply that allocation elsewhere.
- **Year-end tax planning** – Your client just earned a large bonus and wants to give a portion back to the community but does not have the time to decide on the most deserving charities. Here is an opportunity to recommend your client consider establishing a Donor Advised Fund at CFHZ for an immediate tax deduction and the ability to stay involved in recommending uses for the gift for years to come.
- **Preserving an estate** – Estate planning identifies significant taxes going to the IRS, but your client wants to direct dollars for local benefit. CFHZ can work with you and your client to reduce his/her taxable estate through a charitable bequest or other planned gift.
- **Sale of a business** – Your client owns appreciated stock in a company that is about to be acquired. CFHZ can work with you to suggest several ways to structure a charitable gift to help your client 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.

# Charitable Conversations...

- **Redirecting Tax Dollars to Charities** – Your client is concerned about how the government spends his/her tax dollars. Charitable planning can reduce taxes and allow the dollars that would otherwise pass to government to be spent based on the government's priorities, and instead pass to charities aligned with the client's priorities.
- **Retiring in comfort** – Your client wants to secure their financial future, but has always been charitable. Recommend establishing a life income gift (such as a charitable gift annuity) at CFHZ that pays income for life. Upon your client's death, the gift can be distributed by CFHZ in accordance with his/her charitable interests.
- **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).
- **Sale or disposition of highly appreciated stock** – Your client has appreciated stock he/she wants to use for charitable giving, but the identified charities are too small to accept direct stock gifts. Suggest making the gifts through CFHZ with a gift of appreciated stock. Your client receives a tax deduction on the full market value while avoiding the capital gains tax that would otherwise arise from the sale of the stock.
- **Substantial IRA/401(k) assets** – Your client wants to leave his/her estate to community and family and has substantial assets in retirement accounts. CFHZ can help you and your client evaluate the most beneficial asset distribution to minimize taxes, giving more to his/her heirs and achieving charitable goals.
- **Inheritance** – Your client is going to receive a significant inheritance which may result in substantial taxes during the year the estate is settled. Recommend establishing a Donor Advised Fund at CFHZ for an immediate tax deduction and the ability to stay involved in recommending uses for the gift for years to come.

Regardless of the context in which the conversations begin, you need to be prepared to have meaningful conversations with your clients to help them make the right decisions about where and how to give.

## Is giving through CFHZ right for your clients?

If you answer **yes** to any of the following questions, your clients would benefit from knowing more about CFHZ.

1. Do I have clients who care deeply about the Holland/Zeeland area?
2. Do they give to more than one charitable cause?
3. Are they interested in creating a personal or family legacy in Holland/Zeeland?
4. Are they considering creating a private foundation?
5. Would they like to stay personally involved in the use of their gift dollars?
6. Do they want to receive maximum tax benefits for their charitable contributions?
7. Do they place a priority on sound financial management of their contributions?
8. Are they struggling to determine which individual charities most deserve their support?