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Futures

A no-nonsense newsletter for estate planners and financial advisors from The Dayton Foundation

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– Joseph B. Baldasare

Community Impact Endowment Funds – An Attractive Alternative for Charitable Clients

By Joseph B. Baldasare, M.S., CFRE, Vice President of Development, The Dayton Foundation

As head of Development at The Dayton Foundation, I have had the privilege of meeting with many charitable individuals over the years. They have in common the desire to make a difference and help their community.

Often they have specific charities they want to support on a one-time, periodic or ongoing basis. Increasingly we are finding individuals who, when made aware of the option to help their community more broadly, are opting to establish Community Impact Endowment Funds at The Dayton Foundation.

Community Impact Endowment (CIE) Funds are perpetual, unrestricted or field-of-interest funds. Unrestricted funds give The Dayton Foundation the greatest possible flexibility to address the region's

greatest opportunities and needs in all areas as they arise over time. These funds join together with others' funds to help ensure that resources will be available to meet community needs for generations to come.

Field-of-interest funds give flexibility to The Dayton Foundation to help within specific areas of the donor's interest, such as health, the elderly, the arts or education. They also provide the ability to address changing community needs, within a particular area of a donor's interest.

While some individuals choose CIE Funds that are activated during their lifetimes, many prefer that they be activated after they pass, retaining the right to recommend or designate their grants during their lifetimes.

How the Funds Work

Grants from CIE Funds are managed as part of the Foundation's discretionary grants process. Discretionary grants are awarded to Greater Dayton public charities as part of a competitive grantmaking process. Grant applications from 501(c)(3) nonprofits are reviewed by Foundation staff, recommended for approval by the Grants Com-

mittee and awarded by the Governing Board, both the committee and Board being comprised of dedicated and knowledgeable community volunteers. Field-of-interest discretionary fund grant awards likewise are reviewed and awarded to organizations providing services in the realm specifically identified by the donor.

Grants awarded from donors' CIE Funds are made in the donors' names, unless they have specified that they wish anonymity.

A Growing Area of Donor Choice

Community Impact Endowment Funds are growing each year at The Dayton Foundation as more individuals learn about this option. They like that by joining with others, they can multiply the effect of their gifts. In this way, they are part of a larger effort to develop substantial opportunities and solve pressing problems for the Greater Dayton community today and for generations to come. These CIE Fund grant awards are made with recognition to the participating donors and their named funds, unless otherwise requested.

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JOSEPH B. BALDASARE

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—Joseph B. Baldasare

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donors and families who have stepped forward to become the 2011-2012 “I Believe!” Partners of The Dayton Foundation. Their commitment underwrites a full year of Dayton Foundation publications, thereby freeing resources for the Foundation’s other community work.

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Popular currently is designating a portion of a donor’s fund as a Community Impact Endowment Fund, designating a field of interest or having the fund evolve into a CIE Fund after the donor passes.

Whether a portion of a fund or all of a fund is designated for a Community Impact Endowment Fund, these donor funds will benefit the broad community of Greater Dayton in perpetuity and will ensure that those for whom the funds were named will be remembered.

Examples

One donor said something that we have heard from other donors. She said she “didn’t want to rule from the grave.” She recognized that things change in a community, and she wanted her fund to make the most difference through all the changes the community would go through over the decades. A deferred, unrestricted endowment fund – or Community Impact Endowment Fund – would enable her to accomplish this, so this was her choice.

Another donor, who was very open to alternatives that create flexibility in how her fund would be able to help Greater Dayton in

the future, said to me, “Joe, I don’t know what the Dayton nonprofit community will look like in the years to come, but I do know what causes I care about. So rather than give to a specific organization, I want The Dayton Foundation to determine the best use of my fund to help these causes.” In this case, the donor chose “animal welfare” and other causes for her field-of-interest Community Impact Endowment Fund.

Yet another donor decided that he wanted to designate 25% of his fund to help the community broadly as a Community Impact Endowment Fund and 75% to support three specific charitable organizations equally. So he created a permanent endowment fund at The Dayton Foundation that currently will have a 4% annual payout to keep his fund growing. Each year, 25% of the 4% will go in his and his wife’s name to each of the four causes and organizations specified in his fund agreement.

In Conclusion

A variety of options for charitable giving exists at The Dayton Foundation. I always am happy to speak with advisors and their clients, if the advisors wish, to find the right options that will best help their clients. I can be reached at (937) 225-9954 or at my email: jbaldasare@daytonfoundation.org.

For an increasing number of donors, Community Impact Endowment Funds solve the problem

of how to help the community broadly and in the best way possible over the long term. This option enables donors to give back to their community without restricting their gift to an organization or cause that is no longer relevant in later years. A number of donors have found Community Impact Endowment Funds to be a very effective way to plan for the future. 🌱

Note: Solutions will differ from case to case. The above does not constitute professional financial or tax advice.

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