YOUR GIFTS.
YOUR DREAMS.
YOUR LEGACY.

{ A Guide to Planned Charitable Giving }
“Don’t judge each day by the harvest you reap, but by the seeds you plant.”

ROBERT LOUIS STEVENSON

Since 1978, thousands of people like you have chosen to give to causes they care about through the Arizona Community Foundation and its affiliates. The benefits of giving through the Community Foundation are many:

**You receive prompt, personal service.**
We can establish most funds in one brief meeting at no cost or low cost to you. We work to keep paperwork to a minimum, and communicate in simple, direct terms.

**Your gift will be used wisely.**
Because we pool contributions, investment management and administrative costs are kept to a minimum, so your contribution supports programs rather than overhead. And because the Arizona Community Foundation is a public charity, all donations qualify for the maximum available tax deduction for charitable contributions.

**Your gift will address current and emerging needs.**
The Arizona Community Foundation’s Board of Directors, staff and committee volunteers live in communities throughout Arizona. We understand how local and regional issues affect our state as a whole. Our broad perspective ensures that the grants we distribute are targeted where they will do the most good.

**You have many giving options.**
We offer a variety of ways to give. The best option for you depends on your financial situation, what you want to achieve, and how you choose to accomplish your objectives. Our professional staff is always happy to sit down with you and your professional advisor to discuss options.

**Your gift will give forever.**
Thanks to the power of endowment and time, a $50,000 gift to the Arizona Community Foundation can produce nearly $200,000 in grants and still grow to a balance of more than $219,000 in 50 years (based on 8% returns and 5% spending).

**Your gift will be secure.**
The Arizona Community Foundation prudently manages its investments for total return. Each year we publish an independent audit of our financial position, our statement of activities, distributions and grants paid in our annual report.

**Your name, and your assets, will be preserved long after you are gone.**
Although community needs and organizations will change, legacy funds at the Arizona Community Foundation will be held in your name forever.

Thank you for considering a gift to the Arizona Community Foundation or an affiliate. We hope you will choose to entrust us with your gifts and your dreams today…so that we can preserve your legacy forever.
OUR MISSION IS TO LEAD, SERVE AND COLLABORATE TO MOBILIZE ENDURING PHILANTHROPY FOR A BETTER ARIZONA.

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Your Foundation
YOUR DREAMS
Whether you have a crystal clear concept of what you hope to accomplish with your philanthropy—or an idea that’s just taking shape—the Arizona Community Foundation and its affiliates can help you achieve your philanthropic goals.

Your options range from creating a named fund for the common good to address emerging and evolving community needs...to establishing a donor advised fund from which you will recommend grants yourself...to designating one organization to benefit from your gift in perpetuity.

All of these charitable funds will preserve your assets forever at the Arizona Community Foundation. With lifetime gifts and bequests totaling $25,000 or more, you may establish a named fund. You may set up the fund in your name or your family’s name, the name of a loved one, or a name that provides anonymity.

If you are willing to share the story of your gift, our staff will meet with you to collect photographs and interview you about your history, your values and your philanthropic goals. Your name and your story will become a part of our permanent archives, and will be preserved and retold for generations to come.

Whatever your wishes, your hopes, your dreams for the future of your community...a charitable fund at the Arizona Community Foundation can make them a reality.

The Arizona Community Foundation offers a range of fund types with varying levels of restriction over how the fund is deployed to meet community needs:

<table>
<thead>
<tr>
<th>less restriction</th>
<th>more restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>fund for the common good</td>
<td>field of interest</td>
</tr>
<tr>
<td>advised</td>
<td>scholarship</td>
</tr>
<tr>
<td>designated</td>
<td></td>
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</tbody>
</table>
What are your dreams?

If you’re not already sure of what you’d like to accomplish with your giving, follow these five simple steps to clarify your goals.

1. DEFINE YOUR PASSION
   - What issues do you care about?
   - What organizations do you currently give to?
   - What gives you the greatest satisfaction?

2. CREATE YOUR PLAN
   - If you could change three things in your community, what would they be?
   - Do you prefer to fund buildings, operations, projects?
   - How much involvement do you want with the causes you support?

3. DETERMINE YOUR GIVING LEVEL
   - What are your financial objectives?
   - What is your tax situation?
   - What is your own charitable comfort level?

4. IMPLEMENT YOUR STRATEGY
   - Take advantage of our philanthropic services in the way that suits you.
   - Seek information about charitable opportunities from the Community Foundation.
   - Prioritize needs, programs, and opportunities.
   - Determine best giving instruments to accomplish financial goals.
   - Make gifts or grants.

5. REVIEW AND UPDATE YOUR PLAN
   - Working with our Philanthropic Services team, evaluate results:
   - Did your gifts accomplish what you hoped they would?
   - Has your financial situation changed?
   - Are there changes in tax law relevant to your giving?
Funds for the Common Good

A named Fund for the Common Good allows the Arizona Community Foundation to address urgent, unexpected and/or changing needs.

A named fund will bear your name forever. This option is a good choice if you value the flexibility the Community Foundation offers to help future generations deal with social, economic, and environmental challenges.

Distributions from these funds allow the Community Foundation to support long-term solutions to problems such as hunger, homelessness, child welfare and public education. They also support building projects that benefit entire communities, such as museums, performing arts centers, and botanical gardens.

Contributions are remembered in a variety of ways, including in fund listings in our annual report and on our website, ensuring that your name—or the name of a loved one—will always be remembered and linked with philanthropy. Establishing a named Fund for the Common Good can be the first important step to creating your own legacy of caring.

Dorothy Chafin

Passionate arts patron and generous philanthropist Dorothy Chafin was an active participant in the Prescott social and arts scene as far back as 1940, when she settled in the town her parents had adopted as their home while she was away at college. While her husband was stationed overseas in the military, Dorothy worked as a self-trained accountant for a small firm, and later opened her own accounting firm in an office just off the lobby of Prescott’s historical Hassayampa Hotel. Dorothy was instrumental in the founding of the George Phippen Memorial Foundation and contributed to the building of the Cultural Hall, the rear gallery of the museum. She served on the local school board and a variety of nonprofit boards, and was the first female president of the Prescott Chamber of Commerce in 1956. Upon her passing in 2006, Dorothy left generous gifts to many nonprofit organizations, including a $250,000 gift for the common good left to the Arizona Community Foundation of Yavapai County.
FIELD OF INTEREST FUND

A field of interest fund is built on a gift from an individual or family to address a particular area of community life that captures the imagination or carries personal meaning, such as the arts, scientific research, animal welfare, education, youth programs or any other charitable cause.

We honor your wishes forever by annually awarding grants from the fund to organizations and programs in the named interest area. When we approve a grant to an organization in that specific field of interest, we make the gift in the name of your fund.

Field of interest funds benefit from the full resources of ACF’s programs staff, diverse community panels made up of subject-matter experts, and the Philanthropic Services Committee to award grants from your fund to high-performing organizations and programs making a difference in your interest area.

Field of interest funds are flexible enough to fund a variety of organizations—even as needs change over time—and yet focused enough to create for you a highly personal and permanent charitable legacy.

Create a lasting gift in your name or the name of a loved one
Help meet current and future needs in an area of personal importance
Receive an immediate tax deduction
Add to your fund at any time

A. Wallace Denny

Widower of Edith Litchfield, whose family established the city of Litchfield Park in 1920, A. Wallace “Wally” Denny carried on his wife’s love for music through a charitable gift of $350,000 to the Arizona Community Foundation. He created the fund at the age of 100, just one year before his passing, so that he could watch his generosity at work for what he knew would be a very brief time. His gift established the A. Wallace Denny Fund for Music Education, a field of interest fund that lives on in perpetuity at the Arizona Community Foundation, generating grants for music education programs in the West Valley, year after year.
Higher education has long been seen as one of the surest paths to increased opportunity. Unfortunately, many people who could benefit the most from a college education are least able to afford it.

Scholarship funds help them on their path to higher education. Our scholarship team can assist you in establishing the selection criteria that matches your goals and expectations. The Arizona Community Foundation holds funds for aspiring artists, engineers, musicians, doctors, teachers and others.

Applications are available online, and awards are decided based on a competitive process, which may consider academic achievement, extracurricular activities, a statement of the applicant’s personal aspirations and goals, and/or financial need.

Selection committees, comprised of responsible and knowledgeable community members, help screen and select candidates. You may recommend a member of your family to participate in the scholarship selection process, if you wish.

Scholarship funds may be endowed or spendable, and may be named to honor your family or loved ones. The Community Foundation offers four service levels, depending on your desired involvement.

The Arizona Community Foundation is Arizona’s largest private provider of scholarships and has helped thousands of students from all walks of life attain the goal of a college education. Your fund can help us continue to propel promising students toward academic and professional success.

Create a lasting gift in your name or the name of a loved one
Help students pursuing higher education
Participate in the scholar selection process
Receive an immediate tax deduction
If you want your gift to support specific charitable organizations, you can establish a designated fund. Your gift becomes an endowed fund of the Community Foundation, which will support the charities as long as they exist. If a charity ever closes its doors, the Community Foundation will use the fund to support programs with similar goals.

Because grants are paid by the Community Foundation, your gift also helps the designated organizations develop a planned giving program, so that other donors who support the organization during their lifetime can create or augment a designated fund for that organization upon their passing.

The key factor to remember when designating your fund is that it will last forever. The less restrictive it is, the more it will help the Foundation meet the unexpected and changing needs of future generations.

**Wanda McCall and Geri Smith**

Longtime friends Wanda McCall and Geri Smith met in Texas in 1966 and though both endured hardships in life, they went on to achieve personal success: Geri as a physical therapist and Wanda as a nurse. The business-savvy friends donated 18 rental properties to a Texas charity upon moving to Prescott in 1994. In planning their estates, however, they reconsidered their philanthropic strategy, hoping instead to find a beneficiary organization they could trust to use their contributions efficiently and effectively. To this end, they both named the Arizona Community Foundation of Yavapai County in their wills and between them, their gifts established six designated funds worth about $7 million. These funds now provide permanent annual support to specific Yavapai County nonprofits that Wanda and Geri selected based on their personal charitable interests, including animal welfare and programs for women.
DONOR ADVISED FUND

A donor advised fund at the Arizona Community Foundation is simple to establish and operate. The Community Foundation is responsible for ensuring that legal requirements for investment, distributions and payouts are met, allowing you to easily manage your charitable giving without the burden of running a private foundation.

With a donor advised fund, you recommend grants on your own timetable to any charity that meets IRS guidelines, while we handle administrative details. Our grant allocation procedure protects you by ensuring your grantees meet the legal standards for charitable intent. Under IRS regulations, our Philanthropic Services Committee approves all grant recommendations.

Donor advised funds also allow future generations to participate as advisors to the fund. Unlike private foundations, which are required to distribute 5% of the assets annually, donor advised funds carry no minimum distribution requirement. You can save for a larger grant award at a future date, or let the fund grow until family members are ready to recommend grants.

After the passing of the last fund advisor, donor advised funds retain their name and preserve your legacy as field of interest funds that honor and support your favorite causes forever, or funds for the common good to support a broad range of needs.

Create a lasting charitable legacy in your name
Recommend grants to charities at any time
Involvbe family members in the giving experience
Establish a fund alternative to a private foundation without the administrative burden and expense
Choose between an endowment, ensuring that grants are made in perpetuity, or a spendable fund, enabling advisors to recommend grants of any size
Access the expertise of the Community Foundation’s professional staff
Receive an immediate tax deduction

Ryan Miele

An activist throughout her life, Ryan Miele worked with her financial advisors to create a very personal charitable legacy. Using the proceeds of her estate, she wanted to establish a charitable foundation to benefit animal welfare organizations and programs after her lifetime. To keep costs to a minimum and preserve as much of her gift as possible, her advisors created the Ryan Miele Endowment for Animal Welfare, a donor advised fund at the Arizona Community Foundation of Cochise, upon Ryan’s death. Before her passing, Ryan named friends from around the country to serve as fund advisors, a decision and experience the 17 individuals find enormously meaningful. The group spends time learning about organizations doing work that their dear friend would be proud of, and work together to recommend grants in her name throughout the year.
SUPPORTING ORGANIZATION

Established by an individual, family or business with a gift of at least $1 million, a supporting organization is a separate nonprofit corporation or trust that operates under the Arizona Community Foundation and qualifies as a public charity. A supporting organization is an excellent alternative to a private foundation, with only a fraction of the administrative responsibilities and lower costs. You select some board members, maintain personal involvement and support cherished causes. We provide an array of philanthropic and administrative services to make the giving experience simple and enjoyable.

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Viola Wellik

Viola Wellik was a prominent and civic-minded citizen who loved the Wickenburg community where she and her husband George owned and operated the Flying E Ranch, a working cattle ranch. In 1998, Viola created The Wellik Foundation as a supporting organization of the Arizona Community Foundation. She began making annual charitable gifts to the fund while also planning for its future through her end-of-life documents. Her goal for The Wellik Foundation was to preserve the values and traditions of small-town culture in Wickenburg.

Upon her passing in 2004, The Wellik Foundation received the bulk of her estate which included several properties, the Flying E Ranch among them. Viola's bequest resulted in a significant philanthropic endowment to ensure the Wickenburg community she so loved has a continuous source of funding to help address current and emerging needs. The Wellik Foundation continues to award grants year after year in the Wickenburg area for a variety of organizations and causes dear to its namesake’s heart.

Create a separate 501(c)(3) entity that is an excellent alternative to a private foundation

Enjoy public charity tax status by maintaining a close connection to ACF

Participate in naming a board of directors which may include family members

Avoid the 5% annual distribution requirement of private foundations, allowing for grants of any size to be made at any time

Provide an avenue for family members to be engaged in philanthropy for generations to come

Access the expertise of the Community Foundation’s professional staff

Receive an immediate tax deduction
COMMUNITY OR PRIVATE FOUNDATION: WHICH OPTION IS RIGHT FOR YOU?

When people want to make a difference in their community and create a family legacy, they have a range of options available, from creating a private foundation to the public-charity alternatives offered by a community foundation—namely a donor advised fund or supporting organization. While private foundations may allow for greater donor control, the administrative requirements and operating costs can be substantial. The following chart compares some of the key features of a private foundation with those of a donor advised or supporting organization at the Arizona Community Foundation:

<table>
<thead>
<tr>
<th></th>
<th>Donor Advised Fund</th>
<th>Supporting Organization</th>
<th>Private Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Deductibility</td>
<td>Deduct 50% AGI for cash gifts; deduct 30% AGI for gifts of long-term appreciated securities, real estate and closely held stock</td>
<td>Deduct 50% AGI for cash gifts; deduct 30% AGI for gifts of long-term appreciated securities, real estate and closely held stock</td>
<td>Deduct 30% AGI for cash gifts; deduct 20% AGI for gifts of long-term appreciated securities; deduction limited to cost basis for gifts of real estate and closely held stock</td>
</tr>
<tr>
<td>Ease Of Establishment</td>
<td>Simple and quick to establish; could be done in one day</td>
<td>Several months to establish, but could start with donor advised fund if timing is an issue</td>
<td>Several months to establish</td>
</tr>
<tr>
<td>Costs</td>
<td>Minimal fees; no start-up costs</td>
<td>Minimal administrative fees; some start-up legal/filing costs</td>
<td>Typically, costly to set up and maintain; 1-2% excise tax on net investment income</td>
</tr>
<tr>
<td>Grantmaking</td>
<td>No minimum annual payout; philanthropic services provided by Community Foundation</td>
<td>No minimum annual payout; philanthropic services provided by Community Foundation</td>
<td>5% minimum annual payout required</td>
</tr>
</tbody>
</table>

CONVERTING A PRIVATE FOUNDATION TO A COMMUNITY FOUNDATION FUND

Though many people enjoy the experience of giving for years through a private foundation, sometimes private foundations run their course. In these cases, the Arizona Community Foundation provides a good option for the transfer of funds—enabling you to terminate your private foundation yet continue its charitable mission. **Terminations may happen when:**

- The work of a private foundation has become overwhelming
- The next generation is uninterested or you have no heirs, but you wish to create and preserve a lasting legacy
- Administration of the foundation seems too costly or cumbersome
- You or your advisors identify a tax planning need for the higher public charity tax benefits
- Assets in the foundation have declined to an extent where the costs and annual payout requirement make it impractical to maintain
- You become concerned about exposing yourself to liability, excise taxes and penalties associated with private foundations
- You are interested in tapping into community grantmaking expertise so that your charity can make a bigger impact
PRIVATE FOUNDATION CONVERSION: Holbrook Pyle Foundation

Nathalie “Nan” Holbrook Smith came to Arizona from the Maryland shore in her early 30s and fell in love with western life. She spent most of her adult life in her beloved Payson where she met and married her husband, Lewis R. Pyle, and used her considerable inheritance for community good. Nan provided significant financial and volunteer support to Payson’s hospital, library and art center, and created and funded the town’s first kindergarten. She also helped the Payson Tonto Apache Indians be recognized as a separate Tribe and gain their own land in the early 1970s.

When Nan passed away in 1985, she left most of her estate to the Holbrook Pyle Foundation, a private foundation created by her advisers to continue funding her cherished causes. In 1988, the $1.6 million foundation was converted to a donor advised fund of the Arizona Community Foundation for easier management and preservation of capital. It was Nan’s intention that grants from the foundation support the community of Payson through the work of nonprofit organizations for years to come. Since then, the Holbrook Pyle Foundation continues to grow steadily through the power of endowment while generating significant grants for programs serving Payson’s children and families.

SERVICES FOR PRIVATE FOUNDATIONS

If you’re not quite ready to terminate your private foundation but seek simpler management, ACF provides a variety of fee-based, back-office services for private foundations, including:

- recommending worthy organizations for grants
- developing charitable mission statements
- connecting donors with similar interests
- grant administration and check processing
- financial reporting
FUNDS FOR THE COMMON GOOD
Meet the future needs of a changing community by providing maximum flexibility.

FIELD OF INTEREST FUND
Ensure permanent support for a special area of interest while allowing flexibility for the future.

SCHOLARSHIP FUND
Improve the lives of students with a permanent source of higher education funding.

DESIGNATED FUND
Provide a permanent source of income to meet the future needs of designated charities.

DONOR ADVISED FUND OR SUPPORTING ORGANIZATION
Recommend annual grants for the causes you care about most without the expenses and administrative burdens of running a private foundation. If desired, design a family grantmaking plan that includes the next generation.

MEMORIALS
You may establish any of the above funds to honor the memory of a loved one.

Your dreams
YOUR GIFTS
Gifts to the Arizona Community Foundation come in all shapes and sizes. Cash, securities, closely-held stock, business interests and real estate are all assets that have been used to establish charitable funds.

Whatever the asset, each and every gift is an important contribution to the work of the Community Foundation. We encourage you to make an appointment with our professional staff and explain your objectives and your situation. They may be able to offer suggestions you may not have considered.

<table>
<thead>
<tr>
<th>Type of contribution</th>
<th>Amount that can be deducted</th>
<th>Percentage of AGI that can be deducted in one year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>Fair Market Value</td>
<td>50%</td>
</tr>
<tr>
<td>Ordinary income property, such as inventory, depreciable property, agricultural products, oil and gas property, Section 306 stock, original issue discount dept instruments, artwork by its creator and other property, the sale of which at fair market value would yield ordinary income.</td>
<td>Cost Basis</td>
<td>50%</td>
</tr>
<tr>
<td>Short-term capital gain property (held less than 12 months) such as stocks, bonds and other capital assets, the sale of which at fair market value would yield short-term capital gain.</td>
<td>Cost Basis</td>
<td>50%</td>
</tr>
<tr>
<td>Long-term capital gain property (held more than 12 months) such as stocks, bonds and other capital assets, the sale of which at fair market value would yield long-term capital gain.</td>
<td>Fair Market Value</td>
<td>30%</td>
</tr>
<tr>
<td>Long-term appreciated real property</td>
<td>Fair Market Value</td>
<td>30%</td>
</tr>
<tr>
<td>Tangible personal property, if the recipient’s use of the property is unrelated to its exempt purpose or function.</td>
<td>Cost Basis</td>
<td>50%</td>
</tr>
</tbody>
</table>

Note: Contributions in excess of the percentage limitation may be carried over for charitable deduction purposes in the five succeeding taxable years. Please review your giving options and related tax benefits with your professional tax advisor.
WHAT YOUR GIFTS MAKE POSSIBLE:

YOUR GIFTS CAN HELP

children learn to read

YOUR GIFTS CAN HELP

strengthen families

YOUR GIFTS CAN HELP

support the welfare of animals

YOUR GIFTS CAN HELP

preserve Arizona’s landmarks
CASH

A cash gift is the most popular type of charitable gift because of its simplicity.

With a gift of $25,000 or more, you can establish a fund of your choice that will begin generating income for grants or scholarships immediately.

With a gift of at least $10,000, and a commitment to grow the fund to $25,000 within three years, you can establish a donor advised fund which can begin distributing grants as soon as the balance reaches $25,000.

Every gift to the Arizona Community Foundation helps us accomplish our mission of building permanent endowments in Arizona and leading the community to strengthen the lives of its people. Every fund of the Arizona Community Foundation and its affiliates is recognized in the annual report and on our website, unless you desire anonymity.

RETIREMENT ASSETS

Retirement plan assets are some of the most tax efficient assets to transfer to charity upon your passing. Double taxation can erode the value of retirement assets; in some cases, the combination of taxes can reach as high as 80 percent, leaving very little remaining for your heirs.

By leaving retirement assets to the Arizona Community Foundation, you can avoid income taxes and reduce estate taxes—and preserve your hard-earned assets for the good of your community—forever.

Naming ACF as beneficiary of your retirement assets is as easy as a few sentences on your IRA beneficiary form:

“To the Arizona Community Foundation, a nonprofit corporation of Arizona, to be used to enhance (or create) a component fund (to be) known as the ________________ Fund, which shall be administered in accordance with the ________________ Fund Agreement with ACF. If Participant fails to execute such agreement, this gift shall be used for such general and charitable purposes as ACF’s Board of Directors shall determine, in its sole discretion, as set forth in the bylaws of the Arizona Community Foundation.”
STOCKS, BONDS, MUTUAL FUNDS

Giving gifts of long term appreciated property in the form of stocks, bonds or mutual funds will provide greater tax benefits than a cash gift of equivalent value, especially if they have a low cost basis.

You will receive a charitable deduction for the full market value of your property—even if you initially bought it for far less. You will also avoid capital gains tax—money you’d have to pay if you liquidated the property.

CLOSELY HELD STOCK

If you own closely held stock in a business, you may choose to contribute it to the Arizona Community Foundation. Closely held stock is generally not sold to the general public. If you must liquidate it, giving it to a charitable organization will offer you and your company a number of advantages.

First, you’ll receive a charitable deduction for the appraised fair market value. You’ll also avoid tax on the capital gain. A liquidating event may result in sale of the stock at fair market value.

THE ADDED DIVIDENDS OF GIVING SECURITIES

With a $10,000 gift of either cash or securities, your charitable deduction would be the same. In the 28% bracket, your net cost of a cash gift would be $7,200. But, if you give securities that you purchased for $1,000, you could also save $1,350 in capital gains tax. The net cost of the gift: just $5,850.

<table>
<thead>
<tr>
<th>HOW TO MAKE A GIFT FOR 59 CENTS ON THE DOLLAR:</th>
<th>Cash</th>
<th>Appreciated Securities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current fair market value of gift</td>
<td>$10,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>Cost Basis</td>
<td>$10,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>Income tax savings (assuming 28% income tax bracket)</td>
<td>$2,800</td>
<td>$2,800</td>
</tr>
<tr>
<td>Capital gains tax you save by giving stock (assuming 15% capital gains bracket)</td>
<td>$0</td>
<td>$1,350</td>
</tr>
<tr>
<td>Net cost of gift</td>
<td>$7,200</td>
<td>$5,850</td>
</tr>
</tbody>
</table>

Charitable deduction for the fair market value, not the original investment

No capital gains tax

No minimum required

Multiple gifts can be combined to establish a fund

Recognizable tax savings

Reduces the size of your estate

Take a charitable deduction for the appraised market value, not the cost basis (original investment)

Avoid capital gains tax

Reduce your taxable estate
REAL ESTATE

A home…a farm…business property…undeveloped land. If you have real estate assets that you would like to use for a charitable gift, the Arizona Community Foundation can help.

We can accept the gift outright, or show you how a charitable trust can be used to convert your asset into a gift that also produces income. Because each gift of real estate is unique, an Arizona Community Foundation staff member would be happy to meet with you to discuss the process and details of making such a gift.

Frances B. McAllister

Frances B. McAllister fell in love with Flagstaff while traveling by train from Los Angeles to New York in 1935. She and her husband built a log house just outside of town, which they visited frequently before becoming permanent residents in 1967. Frances immediately dedicated her life to civic pursuits, including training Head Start teachers and serving on a vast array of organizational boards. She was a generous donor to the Arizona Community Foundation of Flagstaff and to several Northern Arizona nonprofits, including the Museum of Northern Arizona and the Lowell Observatory.

Demonstrating her deep support for education, the environment and community issues, she established the Chair in Community, Culture and the Environment at Northern Arizona University, endowed an annual doctoral research stipend in the NAU History Department and supported the Biology Department in its early years. In 1981, Frances donated a portion of her ranch for what is now The Arboretum at Flagstaff, a 200-acre home to 2,500 species of plants representative of the high-desert Colorado plateau area.

In 2000, Frances established the Flagstaff P-12 Educational Resources Fund, a field of interest fund at the Arizona Community Foundation of Flagstaff to support educational programs for preschool through 12th-grade students in Flagstaff. She added assets to the fund steadily over the next eight years. Among many generous gifts made upon her passing in 2008 at the age of 97, Frances gifted land valued at $1.85 million to augment this fund—leaving a charitable legacy that will provide for her beloved Flagstaff forever.
LIFE INSURANCE POLICIES

Giving a life insurance policy is an inexpensive way to make a substantial contribution to the Arizona Community Foundation. Many people find in later years that they don’t need all the insurance they did when they were younger, or they may choose to purchase a new policy to donate to leverage their gift. Three common methods allow you to turn life insurance policies into a charitable gift:

Option 1: Simply list the Arizona Community Foundation as the beneficiary when purchasing a new life insurance policy, or execute a simple change of beneficiary form on a current policy. Upon your passing, your estate receives a charitable deduction and the death benefit passes to the Community Foundation tax-free. You may also name the Community Foundation a successor beneficiary in the event your primary beneficiary passes away before you do.

Option 2: You may donate an existing, paid-up life insurance policy to the Arizona Community Foundation or purchase a new paid-up policy in ACF’s name. As long as all rights of ownership are transferred to the Foundation, you should receive a current income tax deduction equal to the lesser of your basis in the policy or the policy value. Examples of policies that may no longer be needed include:

- Business insurance after the business has been sold
- Income replacement insurance after you’ve retired
- Estate insurance when your estate has been reduced below the taxable level
- Mortgage insurance after the mortgage has been repaid

Option 3: You may transfer an existing insurance policy or purchase a new policy on your life and name the Arizona Community Foundation as the owner. Every year you donate sufficient funds to ACF to pay the annual premiums. These contributions are tax-deductible, subject to individual limitations. In the event you stop providing these funds, the Foundation reserves the right to cash in the policy.
CASH
The simplest gift to give. You can combine multiple cash gifts to establish a fund.

RETIREMENT ASSETS
Maximize value by avoiding income and estate taxes, and receive an estate tax deduction.

STOCKS, BONDS, MUTUAL FUNDS
Receive a deduction for the full fair market value, and avoid paying tax on your capital gain. For gifts of closely held stock, you receive a deduction for the appraised market value and avoid capital gains tax.

REAL ESTATE
Receive a deduction for the appraised market value, and avoid paying tax on your capital gain if held for over 12 months.

LIFE INSURANCE POLICIES
Receive a current income tax deduction upon transfer of an existing policy to ACF or purchase of a new policy in ACF’s name. If premiums are due, receive additional tax deductions each year for contributions to ACF in the amount of the premium, or simply make ACF the beneficiary.
YOUR LEGACY
Once you have established your philanthropic goals and identified assets to give, you can determine which giving instruments best meet your financial objectives.

Whether you want to simply remove assets from your estate, avoid taxes on capital gains, establish a life income or preserve more of your estate for your heirs, the Arizona Community Foundation can help. Our staff is happy to meet with you to discuss giving alternatives and opportunities.

Legacy Society
The Arizona Community Foundation’s Legacy Society recognizes individuals who have remembered the Community Foundation in their will or estate plan. While we honor those who have notified us of their plans, we also appreciate those who wish to remain anonymous.

Legacy Society members are invited to a special annual recognition and celebration event as well as workshops, seminars and other engagements throughout the year covering topics related to philanthropy, estate planning and causes of personal interest. Legacy Society members are recognized in our annual report and receive regular communications from the Community Foundation.
CHARITABLE BEQUESTS

You can, through a bequest, establish any kind of fund. Gifts provided through wills or trusts have become the foundation of the American philanthropic tradition. In fact, the vast majority of planned gifts ultimately received are as a result of bequests. Such gifts enable you to make significant contributions that may not have been possible during your lifetime.

When you remember the Arizona Community Foundation in your will, you may reduce your estate taxes while supporting your community. You may give a specific dollar amount, property, or a percentage of your estate. You may also give a remainder of your estate after bequests to friends and family.

When planning a bequest to the Arizona Community Foundation, be sure to talk with a member of our professional staff. Your staff representative will help make sure that your wishes are clearly understood in the present so they can be carefully carried out in the future.
A bequest can take various forms.

You and your advisor may consider the following samples of several types of bequests when preparing your will.

**OUTRIGHT BEQUEST/DISTRIBUTION**

I give ___________________________ (e.g., dollar amount, specific property, residuary estate, entire estate) to the Arizona Community Foundation (ACF), an Arizona nonprofit corporation.

**CONTINGENT BEQUEST/DISTRIBUTION**

In the event that ____________________ (name of primary beneficiary) shall not survive me, then I give __________________________ (e.g., dollar amount, specific property, residuary estate, entire estate) to the Arizona Community Foundation (ACF), an Arizona nonprofit corporation.

**BEQUEST IN A WILL TO CREATE (OR ADD TO) A FUND**

I give ___________________________ (e.g., dollar amount, specific property, residuary estate, entire estate) to the Arizona Community Foundation (ACF), an Arizona nonprofit corporation.

This gift shall be used to add to (or to create) a component fund (to be) known as the ______________ Fund, which shall be administered in accordance with the terms set forth in the ______________ Fund Agreement with ACF. In the event that I fail to execute such agreement, this gift shall be used for such general and charitable purposes as ACF’s Board of Directors shall determine, in its sole discretion, as set forth in the Bylaws of the Arizona Community Foundation.

**DISTRIBUTION FROM A TRUST TO CREATE (OR ADD TO) A FUND**

Upon the death of the donor(s), the Trustee shall distribute all of the then principal and income of the Trust (other than any amount due __________) to the Arizona Community Foundation (ACF), an Arizona nonprofit corporation.

This distribution to ACF shall be used to add to (or to create) a component fund (to be) known as the __________________________ Fund, which shall be administered in accordance with the terms set forth in the ______________ Fund Agreement with ACF. In the event that the donor(s) fail(s) to execute such agreement, this gift shall be used for such general and charitable purposes as ACF’s Board of Directors shall determine, in its sole discretion, as set forth in the Bylaws of the Arizona Community Foundation.
Charitable gift annuities offer two key benefits: simplicity and a reliable income. When you establish a gift annuity with the Arizona Community Foundation, you and/or someone you designate receive a life income in exchange for your charitable gift. The annuity rate depends on the annuitant’s age. The older you are, the higher the rate.

Charitable gift annuities offer several tax advantages as well. Part of the gift qualifies for a current federal income tax deduction. By transferring an appreciated asset to the Community Foundation, you will reduce and defer your capital gains tax and may reduce probate costs and estate taxes. Check with your tax or financial advisor for detailed tax implications.

A deferred gift annuity allows you to make a gift now and receive payments later in life. This type of gift is attractive to younger donors who are planning for retirement. You will receive a higher rate and a lifetime income, based on when you want to start receiving payments (at least 12 months after establishing the fund). If you need current tax deductions and want to augment retirement income on a tax-sheltered basis, a deferred gift annuity is an excellent option.

Provide income for life for you and/or your beneficiary
Make an immediate, significant gift to the Community Foundation
Attain a more favorable current and retirement income tax position
Establish for as little as $25,000 ($50,000 if goal is to establish a named fund upon your passing)
Lock in an attractive rate of return
Save on probate costs and estate taxes
Realize a charitable tax deduction

Dale and Kristi Edwards

Dale Edwards, an engineer and public utility manager, and his wife Kristi, a retired staff member of the Arizona Community Foundation, received an unexpected cash gift, which they did not need at the time. However, they had always been charitably inclined and liked the idea of leaving a legacy of caring for their community, and they needed a tax deduction. They decided a charitable gift annuity with the Arizona Community Foundation was the perfect philanthropic vehicle to meet their dual goals. They deferred the payments for four years and will receive a payout of 6.5% for the rest of their lives.

Upon their passing, the remaining amount will become a gift to benefit the Arizona Community Foundation of Yavapai County and the Highlands Center for Natural History, allowing the Edwards’ to continue supporting organizations they value beyond their lifetimes.
Charitable trusts allow you to “donate the tree, and keep the fruit” or “donate the fruit, and keep the tree.” A valuable option in estate planning, charitable trusts provide maximum flexibility for giving to charity and securing a life income.

**Charitable Lead Trust**

With a charitable lead trust, you donate income to a charity such as the Arizona Community Foundation and retain the principal. Through the trust, you determine how much will be paid to the Community Foundation and for how long. The principal that remains after the trust terminates will revert back to you or pass to another designated individual. You may choose between variable or fixed income payments.

Charitable Lead Trusts are an effective tool for excluding assets—and subsequent appreciation on those assets—from your taxable estate while ensuring your favorite causes receive significant charitable support.

**Retain and transfer appreciated property to family members at low cost**

**Reduce the burden of gift taxes or probate costs and estate taxes on your property**

**Can be extremely useful to implement in a year in which you have an unusually large amount of taxable income and can use a very large current income tax deduction (depending on the trust type)**

**Establish a donor advised fund to receive the income payments and then enjoy recommending grants to your favorite charities**
**Charitable Remainder Trust**

A charitable remainder trust (CRT) is a planned charitable gift made while you are living or through your will that also provides income for yourself and/or a loved one. A charitable remainder trust pays you and/or other beneficiaries an amount of money for the beneficiaries’ life or for a term of years (up to 20 years). At the end of the trust term, the remainder is then paid to a charitable beneficiary.

Charitable remainder trusts offer a great deal of flexibility. Payments may be made to you throughout your life, and then directed to your spouse or other beneficiaries after your death. Or, the trust may be set up by your will, benefiting a loved one for his or her lifetime. The eventual distribution to the Arizona Community Foundation will take effect only at the end of the trust term.

**Fixed Payments: Charitable Remainder Annuity Trust**

A charitable remainder annuity trust pays a lifetime income based on the initial value of the assets funding the trust. The payout rate must be at least 5% of the initial fair market value of the gift. If you establish an annuity trust, you will receive a deduction for the present value of the charitable remainder interest and avoid capital gains tax on the transfer of appreciated long-term securities. Charitable remainder annuity trusts cannot accept additional contributions after the trust is funded.

| Make a significant charitable gift |
| Realize the security of a guaranteed lifetime income for yourself or other named beneficiaries |
| Reduce your taxable estate |
| Avoid immediate capital gains tax when the gifted asset is sold |
| Realize income tax charitable deduction |
| Increase income by converting low yield assets |
Variable Payments: Charitable Remainder Unitrust

The percentage payment you receive from a unitrust varies from year to year as the fair market value of your trust assets fluctuates. If the value of the trust assets increases, so too would your payments. You must specify a payment rate (at least 5% by law). If your trust assets outperform that rate, the extra gains would be reinvested, eventually increasing your principal and payments. You may view this as a possible hedge against inflation, assuming growth in value of the trust assets is somewhat comparable to the inflation rate.

The reverse, however, is also true. If your trust earns less than the rate you specify, you will still be paid that same percentage. This could erode your principal and lower your payments.

To emphasize asset growth and a higher charitable deduction, establish a lower trust payout rate. If you select a higher trust payout rate, you’ll receive a lower charitable deduction.

You can fund a unitrust with cash or, ideally, with long-term, highly appreciated securities. The charitable deduction you’re allowed is based on the fair market value of the assets (even though you may have purchased them for much less), the payout rate you choose, the number of individual beneficiaries you specify, and the age of the beneficiaries or the term of years the trust is established. Your tax, legal and financial planning counsel can help you assess the options best suited to your situation.

Eleanor B. Rosser

Longtime Phoenix resident Eleanor Rosser established a Charitable Remainder Unitrust in 1995 with $153,622. The payout rate was set at 6%. She was able to take a charitable income tax deduction of $88,558 that year, taking into account the initial contribution, her age, the payout rate and the applicable federal rate at the time the Unitrust was created. Over the next 10 years, Eleanor made additional contributions to the Unitrust, providing her with additional tax deductions year after year while enjoying an income stream from the Unitrust.

Her regular gifts combined with positive investment returns helped the assets in the Unitrust grow to a balance of $778,840 upon her passing in 2004. That amount was added to a field of interest fund that Eleanor created at the Arizona Community Foundation in 2001, the Eleanor B. Rosser Designated Fund. Each year, this fund distributes grants in the three areas that Eleanor specified before her death, leaving a lasting legacy of caring in her name for several Arizona organizations.
REMAINDER INTEREST IN A RESIDENCE OR FARM

A gift of a remainder interest in a personal residence or farm allows you to continue to occupy the residence or operate the farm without disruption. You get an income tax charitable deduction for the present value of the remainder interest. In computing this value, depreciation may be taken into account.

This gift allows you to avoid any potential capital gains tax on the built-in appreciation. In contrast, should the same gift be made to a unitrust, you must give up possession of the property. But a gift of a remainder interest provides a deduction that frees up tax dollars into spendable income without causing any disruption in lifestyle. Taxes, insurance, and normal maintenance remain your responsibility. You will be entitled to additional deductions upon making subsequent capital improvements.

**Improve your cash flow**

**Make a substantial gift while retaining lifetime use of property**

**Realize an immediate tax deduction**

**Avoid capital gains tax and relieve family members of the burden of selling the property**

**Create charitable legacy today by indicating your intentions for your fund after your lifetime**

A gift of a remainder interest in a personal residence or farm helps relieve family members of the burden of selling the property.
YOUR LEGACY

CHARITABLE BEQUESTS
Make a charitable gift from your estate with a simple bequest in your will or trust.

CHARITABLE GIFT ANNUITY
Receive an income for life while making an immediate, significant gift that will live on forever.

CHARITABLE TRUSTS
Tailor a charitable lead or remainder trust to your unique philanthropic and financial objectives, and provide significant support for cherished causes.

REMAINDER INTEREST IN RESIDENCE OR FARM
Make a generous charitable gift while retaining lifetime use of the property.

Your legacy
Since 1978, the Arizona Community Foundation and its affiliates have worked to build permanent endowments in Arizona and lead our communities in improving the lives of their residents.

**Purpose**
The Arizona Community Foundation makes grants to nonprofit organizations throughout Arizona and beyond, supporting arts and culture, education, community and economic development, environmental preservation, animal welfare, scientific research and health and human services. We seek to serve the community with leadership that encourages collaboration, demands accountability, values diversity, promotes justice, supports prevention and advances systemic solutions to community problems.

**Leadership**
The Community Foundation is governed by a 30-member Board of Directors, a group of state and local leaders representing diverse backgrounds, interests and professional expertise.

**Financial Management**
Charitable assets are professionally managed to safeguard principal and yield a competitive rate of return. Oversight of endowed assets is provided by an Investment Committee comprised of top financial and investment experts.

**Integrity**
The Arizona Community Foundation is confirmed in compliance with the National Standards for U.S. Community Foundations, voluntarily adopting policies and procedures to guarantee that we conduct business not only legally, but ethically.

**History**
Founded in 1978, the Arizona Community Foundation was built on gifts from some of Arizona’s wealthiest individuals. Today, people of all income levels join with us to help fulfill their philanthropic goals and have helped us become one of the top 30 community foundations in the country. Like other community foundations, we are a public charity, chartered to safeguard the broad interests of the communities we serve.

**Services**
The professional staff at the Arizona Community Foundation and its affiliates is available to help you define your philanthropic goals, discuss your charitable plans, evaluate giving options and serve you and your family in the manner that suits you. We work with you and your tax, legal and/or financial planning counsel to come up with the best plans for your situation, and are flexible enough to meet nearly any charitable goals.

For more information or to set up an appointment, call our central office in Phoenix at 602.381.1400 or toll-free at 800.222.8221, or call the regional office nearest you:

- Arizona Community Foundation of Cochise: 520.439.0595
- Arizona Community Foundation of Flagstaff: 928.526.1956
- Arizona Community Foundation of Gila Valley: 602.381.1400
- Arizona Community Foundation of Sedona: 928.282.2042
- Arizona Community Foundation of Yavapai County: 928.499.9795
- Arizona Community Foundation of Yuma: 928.539.5343

Note: The examples used throughout this book illustrate potential tax consequences of various gift options and should not be interpreted as tax, legal or accounting advice. Your particular situation may differ. Requirements described herein are based on the law, regulations and policies governing the Arizona Community Foundation. Please consult with your professional advisor(s) and call us to learn more.
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Northern Trust

The Arizona Community Foundation has been awarded the right to use the National Standards seal which signifies that ACF is certified in compliance with the National Standards for U.S. Community Foundations. It demonstrates ACF’s commitment to maintaining the trust of our donors and the entire community.