



## The Simple Process to Start a Fund

**“When we needed help, it came from every direction. The Marion community was a blessing. Now it’s our turn to give back.”**

*—Marsha Cushing, mother of accident victim Stormy Ray Cushing*

**Stormy’s scholarship is the ultimate expression of what we are about at Marion Community Foundation.**



### **“Stormy Ray” Cushing**

*Stormy Ray Cushing Scholarship Fund ■ est. 2014*

# The Simple Process to Start a Fund

## Four Things to Consider

### 1. **Decide WHEN to Give**

You can create your fund now, provide for it in your will, or create a trust arrangement that benefits your family, as well as charity.

### 2. **Decide WHAT to Give**

Almost any kind of asset can be used to start your fund – cash, publicly traded securities, closely held stock, real estate, life insurance, retirement accounts and tangible personal property.

### 3. **Choose the NAME of Your Fund**

Most of our funds are named for the donor, the donor's family, or to honor or memorialize someone special.

### 4. **Choose a TYPE of Fund**

We offer a variety of funds that flexibly meet your charitable interests. These are detailed in Section 5 (Creating a Charitable Plan for You) and include:

Designated Funds

Field of Interest Funds

Donor Advised Funds

Unrestricted Funds

Scholarship Funds

Agency Funds

# The Simple Process to Start a Fund

## Easy Process. Great Benefits.

In Section 5, we detailed the variety of fund types available to you at Marion Community Foundation; now, we will look at the options you have for creating a fund and some important aspects of how to set one up.

Establishing your own named charitable fund does not require great wealth and it isn't complicated. Working with a member of the Foundation staff, you (along with your financial and legal advisors, if you prefer) can easily establish a named charitable fund. Together we will:

- ❑ Consider your giving goals and charitable intent
- ❑ Review the various types of charitable funds available and determine which best fits your purpose
- ❑ Draw up the governing document that formalizes your giving intentions
- ❑ As part of the governing document (if allowed by the type of fund you're creating), designate fund advisors, which might include yourself and your spouse, as well as successor advisors, such as your children
- ❑ Establish a name for your fund, which could be your own name, a family member's, a cause, or one that will keep you anonymous
- ❑ Make an establishing gift using one or more of the various contribution options available

**Do all the  
*good*  
you can.**

**By all the  
*means*  
you can.**

**In all the  
*ways*  
you can.**

**In all the  
*places*  
you can.**

**At all the  
*times*  
you can.**

**To all the  
*people*  
you can.**

**As long as  
*ever*  
you can.**

- John Wesley

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## Pamela J. Stone

Funds can be created to recognize someone special. The **Pamela Stone United Way Impact Fund** was established in 2016 by friends and colleagues to honor Pam on the occasion of her retirement from United Way of Marion and Wyandot Counties.

After 17 years as Executive Director, Pam is well known in the community for supporting education, income & health initiatives. This fund, established in her name by the United Way Board and friends, will provide resources for United Way's community initiatives in perpetuity.



## Starting a Fund

You've decided you want to create your charitable legacy through Marion Community Foundation. Now what?

**Start by simply calling us at 740-387-9704.**

We will set up an appointment so you can talk privately and confidentially with our President & CEO, Dean Jacob. Dean is a lifelong resident of Marion, an attorney, and a former teacher. He will guide and assist you to develop a charitable legacy that matches your objectives and vision. That process includes seven basic steps.

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### Do you want to establish a scholarship or grant fund?

- Scholarships provide money to deserving students to assist with tuition, fees, books, supplies, and equipment required for courses of instruction at a college or university.
- Grants provide needed money to support worthy nonprofit organizations, causes, or programs which are meaningful to you.

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### Define the selection criteria for your scholarship or grant fund.

- If you are creating a scholarship fund, you can design the way the scholarship works. You may wish to designate the scholarship for students from a particular school or to open it up to students from several different schools. You may focus on students entering a particular college or university or pursuing a specific field of study. On the other hand, you might decide to open the scholarship to all students no matter where they want to go to school or what they want to study. You could make academic achievement or financial need part of the selection process. You may decide to make your scholarship available only to existing college students or to non-traditional students. Just about any way you want to design your scholarship, we can help you create it.
- If you are creating a grant fund, the possibilities are amazing! Creating a grant fund is a wonderful way to play a direct role in improving our community. Your options include the following:
  - Create a **designated** fund to support your favorite specific nonprofit organization.

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- Create a **field of interest** fund to support an area of interest, such as health care, the arts, education, history, or social welfare.
- Create a **donor advised** fund if you want to be able to make recommendations to our Board of Directors for how the fund spends its money for worthy causes.
- Create an **unrestricted** fund that allows our Grants Committee and Board of Directors to determine which projects are deserving of grant money based on community need.

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## How much do you want to be involved in the future?

- If you prefer, you can be part of a selection committee that makes recipient recommendations to our Scholarship Committee. This process, although requiring a time commitment from you, can be rewarding.
- If you have created a donor advised grant fund, you will recommend what organizations receive the benefits of the grant dollars each year.
- On the other hand, you might decide to just leave the evaluation and decision-making process up to our experienced and dedicated Scholarship Committee, Grants Committee, and Board of Directors to thoroughly evaluate scholarship and grants applicants and select recipients that meet the standards you created.
- If you have created a designated grants fund, we will ensure that your grant is awarded each year and the money distributed to your chosen designee.

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## How much do you want to give?

- You may create your fund with as little as \$100. Grant awards will begin when the value of the fund reaches a minimum of \$5,000; similarly, scholarship awards will begin when the value of the fund reaches a minimum of \$10,000.
- The total amount of your gift is based upon your charitable goals and available resources. Our current Spending Policy makes annual awards in the amount of 4.0% of the average of the fund's value for the 12 previous quarters. A fund with an average value of \$5,000 will produce an annual grant of \$200. If you want to award a grant or scholarship of \$1,000 each year, you should plan to establish an endowment fund of \$25,000. A fund with an average balance of \$100,000 can award \$4,000 annually.

## Diane M. Craig

A teacher and coach at Ridgedale High School for more than 32 years, the late **Diane M. Craig** established the Craig Scholarship in the final days of a terminal illness. Always supportive of “her kids,” she created this scholarship to support seniors and graduates of Ridgedale pursuing degrees in medicine, health, engineering, and education.

Diane passed in 2009, but her scholarship and memory will last forever at Marion Community Foundation.



# The Simple Process to Start a Fund

## David Hastings

David Hastings created not one, but two, scholarship funds at Marion Community Foundation to honor his parents and the value they placed on education. David created the **Charles L. Hastings Memorial Fund** and the **Marguerite Marcellin Hastings Memorial Fund** to memorialize his father's World War I service and his mother's fortitude to survive Nazi occupation.



*Charles Hastings*

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### Consider your options. How will you contribute to your fund?

- Annual grants and scholarships will continue forever because we only award grants and scholarships based on a percentage of the value of the fund, which we expect to remain steady or slowly grow based on our prudent Investment Policy. Simple math shows the power of your initial donation when looking at the long-term aspect of a permanent endowment fund.
- You might decide to donate the full minimum balance at the time the fund is created. You can do this with cash or many other types of assets—stocks and bonds, insurance policies and proceeds, IRA distributions, real estate, even grain and livestock! We can work with you and your financial and legal advisors to help you with all the particulars and various benefits (including tax deductions) of the different types of assets used for your donations.
- If you can't give the minimum balance at this time, start your fund with a gift of \$100 and we'll help you devise a plan for attaining your goal. This plan might include fund raising, obtaining gifts from family and friends, or structuring a consistent plan of regular donations to the fund. We call these **acorn funds** and we'll help you watch it sprout and grow!
- Another way to reach the minimum balance or more is by way of a **planned gift**. With this method, you start the fund with \$100 and then plan to make a more substantial donation at some time in the future. We call these **legacy funds** and we will work closely with your financial advisor, tax advisor, banker, insurance professional and attorney to implement your plan. By establishing a legacy fund, your wishes and plan are established in writing, but the plan will be funded at a later time, such as at your passing or that of your spouse. The plan will be funded by a bequest from your will or by naming your fund at Marion Community Foundation as a beneficiary of your IRA, 401(k) or other retirement plan, annuity, life insurance, payable on death (POD) bank accounts, or transfer on death (TOD) investment accounts. We will work with your attorney, accountant, banker, insurance agent, or financial advisor to help you set up the appropriate documentation.
- Of course, you, your friends, and your family can add to the fund at any time!

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## Name your fund.

- A charitable fund at Marion Community Foundation will be established in your name, your family name, or someone in your family, your organization, or anyone you wish to honor or memorialize. All grants made—today and in the future—are awarded to charities in the name of the fund. It's a beautiful way to link your community investment with a special person or purpose, forever.
- The specific name of the fund will be one you choose. The name can be simple, descriptive, or even creative. Examples of names of some of our current funds are as follows:
  - "C" Fund (to keep the donor anonymous)
  - Chester & Mildred Roberts Fund
  - Elgin High School Wider Horizons Scholarship Fund
  - Parrott Family Fund
  - We Remember Al Fund
  - Loudenslager Agricultural Leadership Fund
  - Marion County Red Cross Endowment Fund
  - Mary H. Hollaway Humane Society Fund
  - Meredythe & John McDaniel Fund
  - Poorman Palace Theatre Fund
  - Farison Family Helping Hands Fund

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## Sign a straightforward fund agreement that we prepare for you.

Our Board of Directors then approves the fund. The first grant or scholarship will commence in the calendar year immediately following twelve (12) consecutive months after which the fund attained the principal's minimum value.

## We do the rest. **For You. For Marion. Forever.**

That's it. We'll do the rest: investing, correspondence, tax reporting, promotion, selection committees, payment of the awards, bookkeeping, auditing, annual reporting, and following all state and federal laws and regulations. We'll ensure that the money goes directly to the college or nonprofit organization and is being used exactly as intended. That's our job and we do it well. We currently have more than 375 funds. We prudently invest \$58 million in assets to ensure that funds are available in both good and not-so-good economic times. We are a trusted name and leader in the Marion area, fostering philanthropy consistent with community values.

## Janis Swebston

In memory of his wife, Janis, the late Greg Swebston (1938-2020) created a field of interest fund, the **Janis & Greg Swebston Family Fund**.

Janis, who passed in 2013, was the Marion Public Library's children's librarian for 30 years. Given her love for reading and young people, it is no surprise that the fields of interest for this fund are literature and elementary education, as well as live theater, the performing arts, and animal welfare.



# The Simple Process to Start a Fund

**“Giving is not just about making a donation. It is about making a difference.”**

– Kathy Calvin

## Unique Ways to Give

Livestock and grain. Stocks. IRA distributions. Corporate matching gifts. Real estate. Cryptocurrency. And, of course, cash. If you want to create a fund at Marion Community Foundation, we can help you—no matter how unique the gift.

The word “philanthropy” usually brings to mind the notion of giving money; but, cash, while easy, is far from the only way to reach your planned giving goals. At Marion Community Foundation, our professional staff and financial advisors can help you make arrangements for a wide variety of gifts.

### Cash Gifts

Yes, cash is still accepted—as are checks and credit cards. Gifts can be mailed in, dropped off at our lovely home inside the historic Stengel-True Museum, or made electronically via the secure, online credit card portal on our website — [www.MarionCommunityFoundation.org](http://www.MarionCommunityFoundation.org). The **Giving Opportunities** tab on the website will allow you to explore your options.

### IRA Gifts

Thanks to the PATH Act of 2015, if you are 72 or older, you can have your annual required minimum distributions (RMD) from your traditional IRA sent directly to Marion Community Foundation. Although these direct IRA distribution gifts are not deductible by you on your tax return, by having them donated directly to the Foundation, they will not be counted as income. This is an especially good gift to consider if you don't itemize your tax deductions. We will work with your plan administrator to help you accomplish this gift.

### Long-Term Appreciated Stock Gifts

Giving stock is really easier than you might think and it gives a double tax break —no capital gains tax on the appreciation *and* a deduction for the entire gift. We will work with your financial advisor to help you choose the stock(s) that will provide the most benefit and help you through the simple gifting process.

### Real Estate Gifts

Like appreciated stock, the gift of appreciated real estate avoids the capital gains tax and you get a charitable deduction for the full fair market value of your real estate.

**Cryptocurrency**, such as Bitcoin, is treated similarly to stock or real estate for tax purposes — providing both a tax deduction and the benefit of no capital gains.

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## Gifts of Poorly Performing Stock

Using stock that has decreased in value is also a good way to make a charitable gift. You can then claim the capital loss on your tax return and get a tax deduction for the cash gift.

## Life Insurance Gifts

If you have a life insurance policy you no longer need, consider naming Marion Community Foundation as the owner and beneficiary of the policy. By doing so, you receive a charitable deduction for the cash value or the adjusted basis. Premium payments can also be deducted as a charitable gift. A new policy on your life naming us as beneficiary guarantees us a future gift as well. Many other options regarding life insurance are available. We will work with your insurance agent to easily accomplish this gift.

## Life Income Gifts

These are a little more complicated, so you may have to call us, but basically there are financial vehicles such as Charitable Remainder Trusts, Charitable Lead Trusts, and Charitable Gift Annuities which allow you to transfer assets now to Marion Community Foundation while you continue to receive income from those assets. This type of gift is a good fit for people who hold assets that would make beautiful gifts at some time in the future, but currently need those assets for income. Life income gifts such as these can increase your income for life, give you a generous charitable contribution for the year of the gift, and, if the gift is stock, avoid capital gains taxes. Please see the next page for a detailed description of how a **Charitable Gift Annuity** works.

## Agricultural Gifts

Yes, we can even accept gifts of livestock and grain. Contact us for more information.

## Wills & Trusts

If you're not quite ready to make a gift at this time, but you do want to establish your legacy to the Marion community, you can easily make Marion Community Foundation the beneficiary of your will, trust, TOD, or POD designations. Options include designating a fixed dollar amount of your gift or a percentage of your estate. Either way, we will work with your attorney and financial planner to ensure this is an easy process and that the correct language is used in your estate planning documents to create the gift.

## Corporate Matching Gifts

A number of employers in the Marion area (and elsewhere) encourage their employees' philanthropy by offering a corporate match for donations made to charity. Marion area businesses with such a program include **Whirlpool, Nucor, Dostal & Kirk, Merrill Lynch, State Farm, Sims Brothers, and Meijer**. Individuals can establish funds at Marion Community Foundation and apply to their corporate matching gift program as a unique way to grow their fund.

An example of this is **Rick & Nancie Poorman's Palace Theatre Fund**, established in 2015. Rick made his career with Whirlpool and, concurrent with creating his funds, applied to the appliance manufacturer's corporate matching gifts program. Whirlpool matched the Poormans' contribution, which not only doubled the size of the fund, but its potential community impact, as well.

# CGA: Income & Tax Breaks

*\*in partnership with  
The Columbus Foundation*

*\*\*These amounts and this  
illustration are based on  
a hypothetical situation  
and point in time. You will  
need to contact us for the  
specific terms of your CGA,  
based on your age and  
current annuity rates.*

## Charitable Gift Annuity\*

A charitable gift annuity is a life income gift with components of both a charitable gift and a financial investment. It creates a legacy fund and a lifetime stream of annual income for you, the donor.

By establishing a charitable gift annuity of \$10,000 or more, our donors will receive a fixed and guaranteed payment for the remainder of his or her lifetime(s) and the balance remains with the Foundation to carry out the donor's charitable intentions in perpetuity.

Charitable gift annuities can be created with a wide variety of types of gifts (see pages 40-41) and establish any fund type the donor wishes (see pages 20-25).

The basics of how such a gift works are illustrated below.

## Example

- ◆ Phil & Ann Thropy create their own unique fund by donating \$100 to Marion Community Foundation
- ◆ Phil & Ann donate, for example, \$250,000 through the purchase of a charitable gift annuity (CGA)
- ◆ The CGA will payout \$3,125 every three months—\$12,500 annually with a 5% payout rate, \$8,000 of which is tax free\*\*
- ◆ Whatever remains in the CGA at the time of the donors' passing will be distributed to the Phil & Ann Thropy Fund
- ◆ Marion Community Foundation will make grant donations from the fund every year *in memory of Phil & Ann* to support the charity of their choosing — that they cared so much about — forever.

