

Powerful Giving

Community foundations are an excellent resource for estate attorneys seeking to develop customized charitable giving strategies for their clients.



As attorneys guide their clients through complex estate planning, tax and charitable giving issues, they have a powerful but often overlooked tool at their disposal – community foundations. At these philanthropic organizations, staff are experts in local issues and the nonprofit organizations working to address them. And community foundations can partner with estate attorneys to develop philanthropic plans that connect with their clients' core values, establish meaningful charitable gifts, and make the most of tax planning opportunities.

There are more than 900 community foundations operating in the U.S., according to the most recent data from the Council on Foundations. Silicon Valley Community Foundation (SVCF) is the largest, with more than \$14 billion in charitable assets and \$4.58 billion in grants made in California and around the world in 2023.

While attorneys may know that community foundations exist in their communities, they may not be familiar with all the resources community foundations can offer them for sophisticated charitable planning.

At SVCF, for example, donors can open donor advised funds (DAFs), endowed funds, scholarship funds and more.

Donors can fund their philanthropy with highly appreciated assets that many smaller nonprofits are not able to accept, and, in certain circumstances, may even recommend their own trusted financial advisors to manage a donated charitable asset.

Donors who want help in creating a philanthropic strategy or finding the right organizations to support can work with philanthropic advisors who have deep expertise in local issues and knowledge of the organizations working to address them. Donors who want to recommend complex or international grants can rely on SVCF's in-house expertise in grantmaking and compliance.

Simplifying Complex Assets

Attorneys often seek the most tax-efficient ways for clients to support their favorite causes, and community foundations can be a powerful ally in this effort. They can help ensure clients' philanthropic intentions align with long-term tax strategies, fostering meaningful social impact while generally reducing tax burdens.

For entrepreneurs, executives and wealthy clients that have accumulated long-term appreciated assets with a low tax basis, liquidating those assets to make charitable gifts of cash can generate significant capital gains taxes. What's more, some of these assets may be illiquid or

subject to restrictions on sale.

But donating the assets themselves to charity often offers powerful charitable planning and tax benefits. By donating appreciated publicly traded securities, for example, donors may avoid the capital gains tax due upon sale, and the charity is able to use the full value of that asset for charitable purposes. The donor will generally receive an immediate fair market value deduction of up to a 30% adjusted gross income limit, with a five-year carry forward.

The same benefit may apply to gifts of other kinds of long-term appreciated assets. That's where SVCF's ability to accept complex assets for charitable donations can help estate attorneys formulate effective estate plans. Many nonprofits cannot accept such donations, but SVCF often can – allowing donors the opportunity to contribute diverse and complex assets to create or add to their donor advised funds.

In addition to donations of publicly traded stocks, mutual funds, and bonds, SVCF facilitates the giving of private business interests including:

- Private C-Corp and S-Corp Stock
- LLC and Limited Partnership Interests
- Private Equity and Hedge Fund Interests
- Pre-IPO Stock
- Carried Interest

Additionally, SVCF can generally accept donations of non-publicly traded assets including:

- Cryptocurrency
- Real Property
- Life Insurance
- Oil and Gas Royalties
- Restricted Stock

Delivering Sophisticated Legacy Planning

When it comes to estate planning and legacy gifts, SVCF offers valuable services that make testamentary giving easier and more flexible.

Donor advised funds (DAFs), for example, allow donors flexibility in lifetime giving, but they are also great vehicles for legacy and multigenerational giving. Families can collaborate to create a giving mission and decide on grants together. Donors may also add family members over the age of 18 as fund advisors, enabling them to recommend grants themselves. Donor advised funds can also hold estate gifts that come from trusts, wills and beneficiary designations to centralize all charitable gifts in one charitable vehicle. Parents can then appoint their children as successor advisors to steward the family's philanthropy into the next generation.

¹Council on Foundations, Survey Results, <https://cof.org/cfindights/results/2022/assets>

*Silicon Valley Community Foundation does not provide tax, legal, or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on for, tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction.

If a donor doesn't have donor advised fund – or has one but doesn't want the fund to continue after their death – they can work with SVCF to create a legacy agreement to endow new funds for the benefit of the community. The agreement can be updated without having to amend estate documents.

And if a donor wants to benefit their community but doesn't know which organizations to support, a gift to SVCF's Community Endowment Fund provides unrestricted funds to be allocated to meet community needs in the future. Such a gift provides SVCF the flexibility to address the most important community needs as they arise over time.

Offering Expertise and Ongoing Management

Community foundations offer expertise in giving strategies, deep knowledge of local charities, and access to a community of other philanthropists. SVCF can help with every step of the philanthropic process, including:

- Guiding donors to charities that align with their goals and values and structuring gifts, including annual or conditional gifts
- Customizing investment options for fund holders.
- Building communities of like-minded philanthropists

In certain circumstances, community foundations may also be able to partner with a donor's existing team of advisors, including investment advisors for ongoing management of assets, CPAs for tax planning, and private foundation staff for consolidated financial reporting.

A Potent Partner in Giving

By partnering with SVCF, attorneys can provide their clients with flexibility and support in their charitable giving plans. Whether it's offering advice on structuring a tax-efficient gift, receiving complex assets for subsequent charitable giving, or supporting attorneys in guiding families through the intricacies of legacy planning, community foundations serve as trusted allies in the process.

For donors, this partnership opens the door to thoughtful, impactful philanthropy that can evolve over time. And for attorneys, it's an opportunity to deepen client relationships while ensuring that their clients' charitable and financial goals are aligned.